

Herald Tribune

Published With The New York Times and The Washington Post

No. 31,705

PARIS, SATURDAY-SUNDAY, JANUARY 26-27, 1985

ESTABLISHED 1887

Austrian Minister Criticized

Sinowatz Calls Greeting of Nazi 'Serious Mistake'

The Associated Press

VIENNA — Chancellor Fred Sinowatz censured Defense Minister Friedrich Frischenschlager on Friday for meeting a Nazi war criminal released by Italy. The chancellor described the action as a "serious political mistake."

But Mr. Frischenschlager defended his airport meeting Thursday with Walter Reder, former SS major, and his decision to accompany him to nearby Baden. Mr. Reder, 69, taken to Baden army barracks by a military helicopter, remained in seclusion there Friday.

The affair clearly strained the government of Mr. Sinowatz's Socialists and their junior coalition partner, the Freedom Party, to which Mr. Frischenschlager belongs.

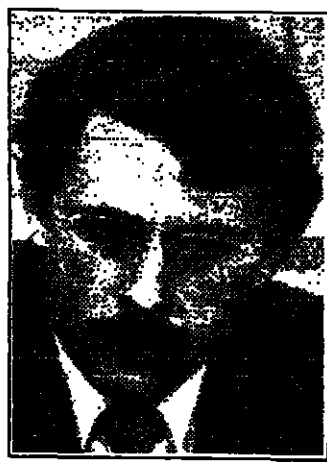
Several Socialist politicians called for Mr. Frischenschlager's resignation, and members of Austria's Jewish community said his meeting showed the strength of far-right elements in the Freedom Party.

An Italian court sentenced Mr. Reder to life in prison in 1954, for the 1944 killing by troops under his command of about 600 civilians in Marzabotto, north Italy.

A military tribunal ruled in 1980 that he could be released this July 15. Last month, citizens of Marzabotto that a request by Mr. Reder for an early release be rejected.

The Austrian government had asked for Mr. Reder's release for years, officially on humanitarian grounds. But Mr. Sinowatz's predecessor, Bruno Kreisky, said the government also wanted Mr. Reder to be freed out of concern that his death in prison could make him a legend for Austrian nationalists.

Mr. Sinowatz, in a television interview, criticized "the personal presence and the greeting of Walter Reder by the defense minister" and dissociated himself from it. He called on Mr. Reder to "avoid ev-



Friedrich Frischenschlager

anything that could hurt" at activity connected to his Nazi past.

Mr. Frischenschlager, in an interview with the mass-circulation newspaper Kurier, said he decided to meet and accompany Mr. Reder, who has a serious stomach disorder, to ensure that his premature release and return would be kept confidential.

"I surely did not act without mistakes but I do not think my mistake was serious enough to force my resignation," he said.

Mr. Frischenschlager was quoted as saying that Foreign Minister Leopold Graf had demanded the strictest secrecy. He added: "I just wanted to enforce this."

Officials said that both Italy and Austria decided to keep Mr. Reder's early release confidential out of concern that it would provoke protests in both countries.

Officials of the World Jewish Congress, preparing to open a three-day meeting here Saturday, joined Austrian Jews in condemning Mr. Frischenschlager's role.

Simon Wiesenthal, head of the Jewish Documentation Center here and president of the Union of the Jewish Persecuted, said that no Austrian Jew returning from a Nazi concentration camp "was ever received by a member of the Austrian government in this way."

Mr. Wiesenthal also charged that "a large part of the members and voters of the Freedom Party are former Nazis."

The Freedom Party has a strongly conservative wing but its members consistently deny that it is a refuge of extreme rightists.

Mr. Frischenschlager, 41, is considered to belong to the party's liberal element, which has been making headway against the conservative, strongly nationalist faction in recent years.

Israelis Agree on Economy

Accord Extends Controls Over Wages, Prices

By Edward Walsh

Washington Post Service

JERUSALEM — Representatives of the three main power centers in the Israeli economy have reached agreement on an extension of economic controls that Prime Minister Shimon Peres described as "one of the most important and far-reaching agreements" in the country's history.

The agreement is seen by government officials as at least a partial response to U.S. demands for more stringent austerity measures as a condition for large increases in aid to Israel.

The accord was signed late Thursday night by officials of the national unity government, the Histadrut, the trade union federation; and the Manufacturers' Association. It provides for deep cuts in government subsidies of basic consumer products and a series of controls aimed at preventing Israel's rampant inflation from re-igniting.

The agreement will replace a three-month wage and price freeze, which expires next month. It was feared that, had the three sides failed to agree on a continuation of controls after the freeze, there would have been an explosion of price rises, triggering cost-of-living pay raises and setting off a new inflationary spiral.

The accord is to become effective on Feb. 4 and last for eight months, but only during the first five months is the agreement binding. After July 1, any of the parties can ask for a review of its terms or unilaterally renounce the pact.

Speaking to reporters Thursday night at the end of the negotiations, Mr. Peres called the agreement "an almost unprecedented step in a democratic state."

"This is not a passing agreement, but a powerful economic step, which I am convinced will bring about recovery for the entire economy," he said. "I am sure that the country's economy has taken its first steps on the right road, and we will start to grow. This country has enormous potential."

In addition to its economic impact, the agreement has important political ramifications as Israel begins an effort to win a huge increase in economic aid from the Reagan administration and Congress.

In a recent letter to Mr. Peres, Secretary of State George P. Shultz warned that Israel could not expect a substantial increase in its aid package if it failed to take additional steps to correct its stagnant, inflation-ridden economy.

A senior Israeli economic official who was involved in the negotiations on extending controls said Friday that it was hoped that the new agreement would help satisfy the Shultz conditions.

"We tried to do our best," he said. "We cut all of our expenditures. Now we need a little more help from the U.S. to bridge the gap."

The Peres government, however, has still not accomplished one of the key measures in its overall economic program involving cuts in the government budget. The cabinet has agreed in principle to a \$1.1-billion cut in the budget for the fiscal year that begins April 1.



Together after signing the Israeli economic agreement Thursday night were, from left, Deputy Prime Minister Yitzhak Shamir, Prime Minister Shimon Peres, Finance Minister Yitzhak Mordechai and Israel Kessar, a union representative. The accord lasts eight months.

Sharon Suit: A Solomonic End

Ruling on Malice Raises More Issues Than It Resolved

By David Margolick

New York Times Service

NEW YORK — When Judge Abraham D. Sofaer asked the jurors in Ariel Sharon's suit against Time magazine to consider the case in three stages, he was seeking to simplify the difficult task they faced. They had to apply the complicated law of libel to a morass of conflicting testimony on the reporting process at Time, Israel's actions in Lebanon and Mr. Sharon himself.

But when the jury returned its third and final decision on Thursday, the formula suddenly seemed Solomonic.

By providing an outcome that left both Time and Mr. Sharon claiming victory, the trial brought about the sort of settlement the parties were unable to reach by themselves, and, in the end, spent more than \$3 million to secure.

The jury ruled that Time had defamed Mr. Sharon — had subjected him to ridicule, hatred and contempt — when it reported that he had met with Lebanese Phalangist leaders shortly before the Sabra and Chatila massacres in Beirut and "discussed the need" to avenge the assassination of Lebanon's president-elect, Bashir Gemayel.

Time had erred, the jury further found, when it reported that details of this discussion could be found in a secret part of an Israeli report. But the jury concluded its 11 days of deliberations by finding that Time had not acted with "actual malice." Time, it held, neither knew that what it had reported was false nor entertained serious doubts about its truthfulness.

Time had been careless, even negligent, in its reporting, the jury declared in a statement, but not reckless or deceitful.

As in the dividing of a baby, however, this was not fully acceptable to either party.

Mr. Sharon never expected to win even a fraction of the \$50 million in damages he sought — money that, he pledged, would have gone toward anti-terrorist activities and disabled Israeli war veterans.

Now the former Israeli defense minister will not get any money at all. That may not pose a financial problem for Mr. Sharon, whose lawyers have not expected him to cover the costs of the case on his own. For the firm, Shea & Gould, of Manhattan, the outcome is more problematical. It spent more than \$1.5 million on the case and has recovered \$350,000, mostly from donations.

Time, too, spent far more than \$1 million, most going to the firm of Cravath, Swaine & Moore, of Manhattan. Time's costs, however, have not been solely financial.

As a result of the case, its editorial processes and personnel have been scrutinized, and criticized, as never before.

Because Time technically won the case, it can appeal the jury's decisions on defamation and falsity only in the court of public opinion.

Gunmen Murder French Defense Ministry Official

The Associated Press

PARIS — A high-ranking official in France's Defense Ministry was shot and killed at his home late Friday, the ministry said.

The unnamed terrorist organization Direct Action claimed it had killed René Audran, 55, assistant director of international affairs at the ministry, in an anonymous telephone call to the French news agency Agence France-Press.

He was hit by six bullets in the western Paris suburb of La Celle-Saint-Cloud, police said. The ministry said that Mr. Audran supervised arms sales contracts.

AFP said a caller identifying himself as a member of the leftist Direct Action group claimed "the execution" of Mr. Audran.

Signed commando Elizabeth Von Dick, member of the Red Army Faction, killed at Nuremberg in 1978, the caller said. Miss Von Dick was killed by West German police in her Nuremberg apartment in May 1978.

Direct Action, created in 1979, was banned by the French government in 1982. It claimed the killing of two policemen last May.



SABOTAGE — West German police searched in the snow for evidence after a bomb blast damaged three electricity pylons Friday, shutting down a nuclear power plant at Krummel, 40 kilometers southeast of Hamburg. The power station cut out automatically when the blast sent a high-tension pylon crashing down, dragging two others after it. No one claimed responsibility for the attack, the third against the plant in four months.

Turkish Cypriot Leader Plans Elections in June

Reuters

NICOSIA — The breakaway "Turkish Republic of Northern Cyprus" will hold elections in June after the failure of intercommunal talks on the future of the divided island, Rauf Denktaş, the Turkish Cypriot leader, said Friday.

But a statement by Mr. Denktaş added: "Completing our constitution and holding elections do not close the door to a federal solution. On the contrary, they strengthen those who will attend the talks."

Mr. Denktaş said that he was withdrawing concessions he made during negotiations for the talks, held at the United Nations in New York. The talks, aimed at setting up a federal, bizonal republic, ended last Sunday.

His principal concessions were to drop a demand for a rotating Greek Cypriot and Turkish Cypriot presidency and to offer to reduce his area under his control from 37 percent to 29 percent of the island. Turkish troops have occupied the north of Cyprus since they invaded in 1974 after an Athens-inspired



Max M. Kampelman, head of the U.S. delegation to the new set of arms control talks with the Soviet Union.

MONDAY

Tass, reacting to reports of an unpublished article about arms control by Max M. Kampelman, Zbigniew Brzezinski and Robert Jastrow, called Mr. Kampelman a hard-liner who would treat talks "skeptically." Their article, to appear in The New York Times on Sunday, will be printed in full on Monday in the International Herald Tribune.

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Israelis Leave Lebanon With Relief — 'It's Their Problem' Now

By Edward Walsh
Washington Post Service

MASHNAKA, Lebanon — Except for the three blindfolded Arab prisoners riding in the back of one of the trucks, most of the men in the convoy were smiling. Their grinning faces could be seen through the windshields of about 12 vehicles that lumbered slowly down a narrow mountain road. They were headed south.

The convoys have been rolling for several days, carrying soldiers and the dismantled remnants of what was Israel's defense line along the Awali River. The trucks in the convoy were laden with the litter of a departing army and with huge concrete blocks that the Israelis used to barricade the entrances to their bases and outposts in the hostile southern Lebanese countryside.

For the soldiers who are leaving with the equipment, there is a clear sense of liberation from what has become the increasingly dangerous task of military occupation. There is also disgust with the ways of Lebanon and deep disillusionment, especially with the Lebanese Christians, who had been thought of as Israel's allies in this country of warring religious factions.

"I was scared all the time," said Sergeant Benny Fakulov. "It's their problem, not ours any more. We ate it enough here already."

Another soldier, who asked not to be identified, said of the Christians: "They proved to be unreliable allies. They didn't do anything, and when they did, they did Sabra and Chatila." He was referring to the massacres at two Palestinian refugee camps in Beirut in 1982.

The soldiers were among dozens here who watched idly as a large construction crane with Hebrew lettering on its side lifted one of several temporary housing units onto a flatbed truck for the trip back to Israel.

All along the Awali River, similar scenes are unfolding as the Israeli Army prepares to execute the first stage of a planned three-stage withdrawal from southern Lebanon. Israel spent millions of dollars to establish the Awali line in September 1983, when it withdrew from the Chuf Mountains south of Beirut.

Now it is spending millions more to dismantle the line. The army bases have been clogged with heavy construction equipment that belong to private Israeli contractors.

The first stage of the pullback is scheduled to be completed by Feb. 18. Before then, most of the bases and outposts along the line, this one included, will be dismantled. On Feb. 18, the last of the soldiers will leave, pulling away from the Awali River bridge on the coastal highway, away from Sidon, the largest city in southern Lebanon and away from the Palestinian refugee camps east of Sidon.

Along the coast, the Israelis will move as far south as the Litani River. From that point, the new line will run sharply northeast, keeping within the Israeli zone of control of the city of Nabatieh, a center of Moslem Shiite resistance, and the Christian town of Jezzine.

According to Israeli Army figures, the area to be evacuated in the first stage represents 5 percent of Lebanon and slightly less than 20 percent of the territory now under Israeli occupation. It is the most densely populated section in the Israeli zone, containing as many as 400,000 Lebanese and Palestinian civilians. In withdrawing from this area first, the Israelis will almost cut in half the population under their control.

There will not, however, be a parallel reduction in the size of the Israeli presence in southern Lebanon. Estimates of the number of Israeli soldiers in Lebanon range from 12,000 to 20,000, and the bulk of them are concentrated in eastern Lebanon near Syrian Army lines. The pullback in the east is stage two of the withdrawal plan, but the time for the second step has not been set and will be affected by how well the withdrawal along the coast goes.

The several hundred soldiers here at Mashnaka, a command post and ordnance base situated high on a flat bluff between Jezzine and Sidon, are among the lucky ones. It is a place where the Israeli Army regularly brings journalists and photographers to see the Awali line being taken down and talk to the soldiers.

The army chose as the main spokesman for the

Mashnaka unit a 26-year-old soldier with close-cropped hair who identified himself as "Captain Teddy." He was chosen apparently because as a youth he lived for eight years in Chapel Hill, North Carolina, where his father was studying economics, and speaks flawless English.

He sat on the hood of jeep, his rifle slung over his shoulder, and proudly called himself "a combat soldier." This was his answer to a question about how much it was costing to dismantle the Mashnaka base. Captain Teddy said he did not know anything about things like costs, nor did he seem to care.

"The important thing is we are not leaving with our tails between our legs but with our heads held high," he said. "We are leaving only because of the government's decision to withdraw. Militarily, we could stay here as long as we like."

For his part, Captain Teddy said he has seen enough of Lebanon. "It's a beautiful country physically, but the problem is you have to keep your eyes on other things and not the view," he said.

He said he hoped the Israeli withdrawal would not be followed, as is widely feared, by an outbreak of fighting among the various Lebanese factions. But after two and a half years here, the Israelis have learned not to count on the Lebanese or, to judge by Captain Teddy's comments, to care much about them.

"This isn't a country," he said. "This is a collection of sects and religions, each armed to the teeth and each interested in killing each other."

"Maybe some of them are bitter about the withdrawal," Captain Teddy said of the Christians who populate the villages along the road that runs from Jezzine to the eastern outskirts of Sidon. "But that's their problem. They can stand on their own two feet. They have to solve their own problems."

Christians in the area expressed mixed sentiments about the impending withdrawal. Several of them had gathered on the open, second-floor patio of a home that overlooks an Israeli checkpoint at the Bisi crossing point of the Awali River. As they watched a crane lifting the heavy steel platforms of a temporary bridge structure, Josselin Helou and Mona Boulos, both 20,

said they were not afraid of the Druze militias that control the Chuf Mountains just across the river.

"We are strong," said Miss Boulos, who lives in Jezzine and will remain behind Israeli lines until the second stage of the withdrawal is completed.

But in a restaurant in Jezzine, Ramzi Khammar said the Christians where he lives "are scared to death." Mr. Khammar is a Baptist minister who lives near Sidon in the Christian village of Miye Miye, located next to a Palestinian refugee camp of the same name.

In Miye Miye, Mr. Khammar said, the people are stockpiling canned food, bread and wood and are in a much higher state of alert than they were before the Israeli withdrawal started.

Meanwhile, Palestinian women and children are moving from the refugee camp to a larger and better protected camp, he said. Their fear is being fed, Mr. Khammar said, by the many statements by Israeli officials warning against the dangers of sectarian violence and massacres after the withdrawal.

As they prepare to leave Mashnaka and other outposts along the Awali, Israeli soldiers appear to recognize that for more than two years they have brought a measure of enforced order to the area. That role has made them a target, and they will leave the steep, green hillsides along the Awali gleefully. Some of them will also leave with a gnawing sense of disappointment and failure.

"I feel good that we're going," said Sergeant Yossi Elbaz. "But I don't feel proud about leaving the Christians behind. I wouldn't want to be in their shoes, but we can't think about that any more."

■ UN Aide Hopeful on Talks

Undersecretary General Brian Urquhart of the United Nations, seeking to resurrect Israeli-Lebanese troop withdrawal negotiations, said Friday that he thought the talks had not totally collapsed. The Associated Press reported from Beirut.

Asked if he thought the UN-sponsored discussions, canceled Thursday, had reached an end, Mr. Urquhart replied: "I doubt it. I think the talks are still a useful framework for an orderly withdrawal."



An Israeli soldier carrying a sign reading "Dining Room" passes other soldiers dismantling installations as part of Israel's withdrawal from the Awali River area of Lebanon.

Indian Spy Case: Laxity in the Ranks

By William Claiborne
Washington Post Service

NEW DELHI — In the often-crowded bar at the fashionable Gymkhana Club in central New Delhi, a holdover from the days of the British Raj, one of the biggest espionage rings to be uncovered since India gained independence 37 years ago operated freely until earlier this month.

There, where white-gloved waiters still serve gin and tonics on the veranda under ceiling fans, an Indian businessman named Comar Narain mixed with social climbers in the bureaucracies of nearby government ministries, buying them drinks and introducing them to his friends, according to Indian intelligence sources and Western diplomats.

Among Mr. Narain's guests were said to be well-dressed French businessmen and embassy attachés, as well as low-level male secretaries wearing coarse-cotton khadi pajama suits.

Mr. Narain, who has been charged under the Official Secrets Act with being the middleman of a major spy network, is alleged to have entertained \$90-a-month clerks and personal assistants. It is charged that he accepted, in exchange for bundles of rupees, photocopies of military procurement orders, minutes of ministerial meetings, defense analyses, technology-transfer agreements, weapons manuals and other secret documents that routinely flow through the labyrinth of the Indian bureaucracy.

Mr. Narain is also said to have entertained middle-level government officials in a spacious bungalow in south New Delhi, holding parties at which young women mingled with bureaucrats. At the end of the parties, the sources said, bottles of imported scotch and cassette recorders were handed out to the guests.

Since the existence of the spy ring surfaced earlier this month, sending reverberations through the government of Prime Minister Rajiv Gandhi, at least 11 government employees and three Indian businessmen have been arrested and a dozen other officials summoned for interrogation.

Most of those arrested have been personal secretaries, office assistants, stenographers and, in the lexicon of the Indian bureaucracy, peons, or office boys who perform routine chores and run errands.

Six employees in the prime minister's secretariat — two from President Zail Singh's office, two from

the Defense Ministry's production department and two from the Ministry of Commerce — have been touched by the scandal.

As Indian intelligence agents began rounding up suspects, at least one diplomat from the French Embassy, the deputy military attaché, Lieutenant Colonel Alain Bolley, departed from India, reportedly at the request of the Indian Foreign Ministry, and two French businessmen were reported to have hastily left and flown to Paris.

The Indian government has kept the investigation secret, holding all arrangements of suspects behind closed doors and sealing documentary evidence. The French Embassy has refused to comment on any aspect of the case.

What has emerged from credible Indian sources and Western diplomats is a pattern of commercial espionage that appears to have begun with the sale of documents useful in securing government purchasing contracts, and gradually expanded into the wholesale copying and selling of classified records that could have been useful to intelligence agencies of a number of foreign governments.

British Coal Strike Talks Set

(Continued from Page 1)

a miners' rally in Glasgow that Mrs. Thatcher had no right to demand that the "union guarantee her or anyone else these conditions."

"This government is alienating itself from the people with its demand for blood," Mr. McGahey said. "They are not having the blood of the miners with 80 percent of our members still on strike."

The board maintains that only 60 percent of miners are still on strike, with hundreds more returning each day.

A coal board representative, Tom MacPherson, said: "What we need is a piece of paper from the National Union of Mineworkers — we don't mind how rudely they put it — saying, 'Yes, we are prepared to sit down with you and consider the methodology of the closure of uneconomic pits.'"

The state-owned board, buoyed by crumbling support for the walk-out, reported that 3,376 more miners had abandoned the strike this past week, the highest weekly total since Nov. 19.

A board statement said more than 77,000 miners, or 41 percent

of the union's 187,300 members, were back at work. The union disputes the figures, claiming that fewer than 50,000 have crossed the picket lines.

The mass-circulation Sun said Friday that Mrs. Thatcher was moving "in for the kill." Many papers predicted a swift end to the strike, with Mr. Scargill losing.

The last round of negotiations was in October. The talks founded on Mr. Scargill's insistence that there are no uneconomic mines among the 174 state-owned coal pits, only those starved of investment. He has insisted that the only closures should come when mines are exhausted of coal or have become too dangerous to work.

The coal board's chairman, Ian MacGregor, has offered talks to compromise on some specific closure plans but has insisted on the board's overall right to close uneconomic mines.

The union launched the strike on March 12 last year over coal board plans to close 20 money-losing mines, eliminating 20,000 jobs through attrition. This would be in line with government orders to stem losses in the heavily subsidized industry.

Lawyer Says Sharon Filed Suit in Israel

The Associated Press

TEL AVIV — A lawyer for Ariel Sharon, who lost the final stage of his libel suit in New York against Time magazine, said Friday that he would pursue a second lawsuit in an Israeli court against the magazine's European subsidiary.

The attorney, Dov Weisglass, said the former Israeli defense minister still intended to sue Time magazine in Tel Aviv district court for defamation.

Mr. Weisglass said that he filed suit in March 1983 against Time's European publishing subsidiary, which distributes the magazine in Israel, and that he expected a trial in about six months.

Mr. Sharon sued Time in New York because of a Feb. 21, 1983, cover story. In his contention, the article implied he encouraged the 1982 murder by Lebanese Christian Phalangist militiamen of Palestinian refugees in the Sabra and Chatila camps in Beirut, following the murder of the Lebanese president-elect, Bashir Gemayel.

The Tel Aviv defamation case was being brought on the same grounds as the one in New York. Mr. Weisglass said that Appendix B of the Kahan Commission report into the Sabra and Chatila massacres "does not include any details of that kind," and that Mr. Sharon "never discussed the need for revenge, either with the Gemayels nor with the Phalangists."

He said Mr. Sharon had demanded the equivalent of \$250,000 in damages. But he said that "like the case in New York, the lawsuit was never filed to make money."

Mr. Weisglass said that Mr. Sharon would not have to prove to the Israeli court that Time was motivated by malice, the count on which his case failed in New York.

Israeli leaders allied with Mr. Sharon's Likud bloc called the outcome of the New York trial a "moral victory" and a "personal success" for Mr. Sharon.

Deputy Prime Minister Yitzhak Shamir said he believed that Mr. Sharon "achieved the main thing by proving that he was defamed, that the things that were published were a lie."

But a leftist member of parliament, Yossi Sarid, said the New York verdict did not clear Mr. Sharon from guilt for having committed libel to what he called the "unreliable" Lebanon war. Mr. Sharon was forced to resign his post as defense minister on the recommendation of a judicial commission investigating the massacre. He is now minister of industry and commerce.

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Deception Widespread, CBS Witness Testifies

By M.A. Farber
New York Times Service

NEW YORK — George W. Allen, a former deputy chief of Vietnamese affairs for the Central Intelligence Agency, has testified that the production in late 1967 of a "misleading" intelligence estimate on enemy strength in South Vietnam was part of a broader "self-deception" by the administration of President Lyndon B. Johnson regarding progress in the war.

Mr. Allen, testifying a second day for CBS in the trial of the libel suit brought by General William C. Westmoreland, said Thursday that the White House had tried to "head off mounting public opposition to the war" in the summer of 1967 through a "massive public-relations campaign to influence, exaggerate and misrepresent."

It was in this context, Mr. Allen testified, that he once described a dispute over the enemy strength estimate as "making a mountain out of a molehill."

"I was referring to the fact that the production of this dishonest estimate was only a small part of that bigger issue, that bigger exercise by the administration, which in fact caused its loss of credibility," Mr. Allen told the jury in U.S. District Court in New York City.

That effort, he said, "produced an area of self-deception to the extent that neither the Congress, nor members of the administration, nor the population was prepared for the psychological impact mounted by the Communist forces on an unprecedented scale" during the Tet offensive in January 1968.

On Wednesday, he accused his superiors at the CIA of "caving in" to the military.

Mr. Allen, who retired from the CIA in 1979 but still works under contract for the agency, portrayed himself Thursday as someone who had compromised his own integrity in 1967 and played "the good businessman" until this case forced him to confront his own failings and those of the government.

David Dorsen, a lawyer for General Westmoreland, suggested that the 58-year-old witness had tailored his testimony to help Samuel A. Adams, a former CIA colleague who is one of the defendants at the trial. Mr. Allen denied it.

Mr. Allen said he wanted to assist the jury and the public in understanding "the responsibility that many officers in the intelligence community have, to insure that honest estimates are presented to the policy-makers."

Mr. Dorsen then told the court that Mr. Allen, at the start of the second day of his pretrial deposition in August 1983, had asked to have the oath "to tell the truth, the whole truth and nothing but the truth" repeated for him. It was "the whole truth" part that he wanted "verified," Mr. Allen said then.

Mr. Allen explained that he told the truth on the first day of the deposition but hadn't listened to the oath when it was read. He said he had "lain awake" the previous night "reviewing the seriousness of the situation and the events of the last 15 years," during which time, he said, he had "rationalized and been evasive" regarding the 1967 estimate on enemy strength in Vietnam.

Having the oath "reaffirmed" on the second day of the deposition, he said, "was a symbolic gesture by me that the time had come to stop dissembling, no matter what the personal embarrassment to me."

General Westmoreland's suit stems from a 1982 CBS documentary — "The Unaccounted Enemy: A Vietnam Deception" — which charged that the general's command had engaged in a "conspiracy" to minimize North Vietnamese and Vietcong capabilities. General Westmoreland contends the documentary defamed him by saying he had lied to the president and the Joint Chiefs of Staff about the size and nature of the enemy.

Administration officials had previously linked the Libyan leader, Moammar Qadhafi, and the Palestine Liberation Organization to Nicaragua, but Mr. Reagan's statement was the first suggestion that Iran had joined the radical forces assisting the country's Marxist-led Sandinista regime.

■ U.S. Move Puzzles Spain
Edward Schumacher of The New York Times reported from Madrid: Prime Minister Felipe Gonzalez of Spain said Thursday that he was puzzled by the decision of the United States to break off negotiations with Nicaragua.

He said that the action had come at a "moment of clear efforts of flexibility on Nicaragua's part" and that the United States might be missing a "historic opportunity."

The Spanish leader said it was still unclear to him whether the suspension was merely a tactical move.

He praised the recent inaugural speech of President Daniel Ortega Saverio of Nicaragua calling for political pluralism, and noted that opposition Roman Catholic bishops had attended the inauguration.

Mr. Gonzalez made his remarks at a news conference in Majorca after meeting with President Miguel de la Madrid of Mexico. Previously, Mr. Gonzalez had essentially agreed with the United States in accusing Nicaragua of rights abuses, such as curbing opposition parties and imposing censorship. He showed his disapproval by meeting with Nicaraguan opposition leaders in December and by sending a low-level delegation to Mr. Ortega's inauguration.

WORLD BRIEFS

Goetz Indicted Only on Arms Charges

NEW YORK (AP) — A grand jury on Friday refused to indict Bernhard H. Goetz for attempted murder in the shootings of four young men on a subway and instead indicted him only on three counts of criminal possession of a weapon.

Robert M. Morgenthau, the Manhattan district attorney, announced that the jury had failed to vote an indictment on four counts of second-degree attempted murder, four counts of first-degree assault and first-degree reckless endangerment. It was not immediately clear if prosecutors could press attempted murder charges on their own without the jury indictment.

The jury indicted Mr. Goetz, 37, on one count of third-degree criminal possession of a weapon — illegally having a loaded pistol on Dec. 22, 1984, when he admitted shooting the four teen-agers who he said asked him for \$5 in a threatening manner. He also was indicted on two counts of fourth-degree criminal possession of a weapon because he allegedly had two other pistols inside his apartment when police searched it.

Pope Calls Synod on Vatican II Issues

ROME (AP) — Pope John Paul II announced Friday that he is calling an extraordinary worldwide conference of bishops to examine the Second Vatican Council, which vastly revised the workings of the Roman Catholic Church.

The pope, in a surprise announcement during a Mass in the Basilica of St. Paul's Outside the Walls, said that the conference would "relive" the spirit of the council but also would re-examine the changes it made "in the light of new demands."

He added that the conference, known as a bishops synod, would meet in Rome from Nov. 25 to Dec. 8 this year. The Second Vatican Council, commonly called Vatican II, was called by Pope John XXIII and lasted from 1962 to 1965. Among many other things, the council permitted the saying of Mass in the local language, or vernacular, and stressed greater participation of lay people in the liturgy.

It also stressed religious freedom, ecumenism and condemned anti-Semitism. The pontiff made the announcement on the eve of his departure on a 12-day tour of Latin America. John Paul said there would be representatives of Catholic bishops conferences from all five continents at the "extraordinary synod." He did not say whether he is seeking changes in the Vatican II's reforms.

Judges Ask Meese for More Details

WASHINGTON (AP) — Lawyers for Edwin Meese 3d, the White House counselor, were ordered Friday to furnish more details to support Mr. Meese's plea for reimbursement of more than \$700,000 in legal fees resulting from his investigation during Senate hearings last March.

A special three-judge panel, established under provisions of the Ethics in Government Act, told Mr. Meese's lawyers to submit the documents by Feb. 7. Under the act, government figures subjected to investigations can petition the court for reimbursement if no indictment resulted from the probe.

The documents released by the court Friday confirmed that Mr. Meese is seeking to be reimbursed for over \$700,000 in fees incurred, his lawyers argue, because of the investigation by Jacob Stein, an independent counsel. Mr. Stein investigated Mr. Meese's financial ties to various individuals and their appointments to federal jobs. He found there was no basis for prosecuting Mr. Meese on any violations of law.

Botha Promises Blacks Greater Voice

JOHANNESBURG (NYT) — President Pieter W. Botha of South Africa pledged Friday that black people living outside the tribal homelands would have a greater political voice. But he made it clear that his government planned no dilution of the white Afrikaner power that has prevailed since 1948.

"It remains the government's point of departure that, because of the diversity of South African society, it is neither desirable nor practicable to accommodate all communities in the same way," he said at the opening in Cape Town of a new tricameral Parliament, a legislature based on racial segregation. He said the government had decided to treat black communities outside the homelands as "entities in their own right" which "must be given political participation and a say at higher levels."

Rightist whites termed the president's promise a sellout of traditional apartheid and vowed to fight it. Black activists said it fell far short of their demands.

New Caledonian Invites Rebels to Talk

PARIS (AP) — Dick Ukeiwé, president of New Caledonia's territorial assembly, offered Friday to meet with Jean-Marie Tjibaou, head of the Kanak Socialist National Liberation Front, in a bid to end the political turmoil in which 20 persons have died.

As assembly president, Mr. Ukeiwé is also a member of the French Senate. He was in Paris for the parliamentary vote Friday that approved a bill extending until June 30 the right of French authorities in New Caledonia to maintain a state of emergency that was imposed Jan. 12.

Mr. Tjibaou, in a statement, said he would accept any exchanges, "no matter where, no matter when," as long as they dealt with how the island group would achieve its independence.

For the Record

The 46th game of the world chess championship has been postponed until Monday because of a technical timeout, a chess official said Friday. The world champion, Anatoli Karpov, leads the match 5-1, and needs only one more victory to defeat his challenger, Gary Kasparov. (AP)

An earthquake shook Izmir, Turkey, on the Aegean coast early Friday, the semi-official Anatolian News Agency reported. It said the quake measured 3.9 on the Richter scale but did not cause any damage. (AP)

Greece said Turkey violated its airspace Friday for the third day running, and the Turkish ambassador to Athens was summoned to receive a protest. A statement said Turkish jets had violated Greek airspace 11 times and infringed air traffic rules 13 times. (Reuters)

At least seven Yugoslavs died and 33 were injured when a passenger train derailed Friday after running into a landslide on the tracks at Mount Zlatibor, about 130 kilometers (80 miles) southwest of Belgrade. The Tanjug news agency reported. (AP)

President Ronald Reagan said Friday that he plans to nominate Richard T. McCormack, assistant secretary of state in charge of economic and business affairs, as U.S. ambassador to the Organization of American States. (AP)

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AMERICAN TOPICS

Watts, 20 Years Later:
The Problems Persist

Most of the problems that ignited the riots in the Watts section of Los Angeles, in which 34 people were killed, remain unresolved 20 years later, according to a joint report by the city and county Human Relations commissions.

"Conditions are as bad, or worse, in south-central Los Angeles today as they were" in 1965, the report said, with nearly 20 percent of the black adults and 50 percent of the black teen-agers in Watts unemployed. School test scores remain the lowest in the city, and crime and gang activity have increased.

Jet Fire Retardant
A Blazing Failure

A radio-controlled jet airliner faced with anti-misting kerosene (AMK), which was supposed to minimize fire hazards in airplane crashes, was three-fourths engulfed in a fireball in a test crash last month. The product "didn't work as advertised," said Tom Trip, a spokesman for the Air Transport Association, which represents many U.S. airlines.

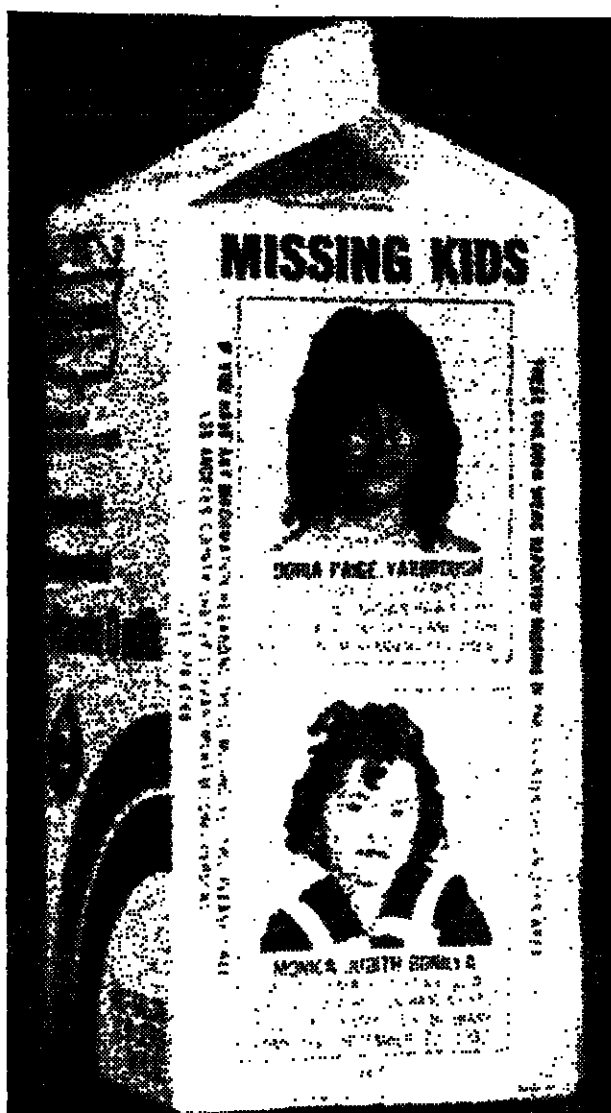
Now, to nobody's surprise, the Federal Aviation Administration has informed Congress that the preliminary results of the test were "disappointing" and that "we plan to defer further regulatory action with regard to the use of AMK in air carrier aircraft at this time."

Short Takes

The familiar blue-green punch-card check issued by the U.S. Treasury for 40 years is being replaced by a lightweight paper check in rainbow colors. The lighter stock will save \$6 million a year in paper costs, according to Charlotte Mehuron, a Treasury spokeswoman, and the variegated colors are aimed at foiling sophisticated color-copying machines.

The navy, which has restored the bell-bottom uniforms and nautical terminology that were jettisoned during the 1970s, has taken a last big step toward restoring tradition by abolishing the beards that had been permitted during the past decade and more. However, "neatly trimmed, military-appearing mustaches" are allowed.

President Ronald Reagan is



MILK WITH A MESSAGE — A dairy in California carries pictures of missing youths on its cartons as a public service. Doria Paige Yarbrough of Lancaster, California, shown in the top photo, saw her picture and returned home. She had been staying with friends in Fresno, California, since leaving home in November.

almost certain to appoint more men and women to the federal judiciary than any other president. Jimmy Carter holds the record with 262. But Mr. Reagan reached 167 in his first term, and more than 100 seats are vacant. A main reason for the approaching record is that Congress has expanded the judicial machinery dealing with bankruptcy cases.

Shorter Takes: The Internal Revenue Service reports that 299 couples or individuals with incomes of more than \$200,000 used deductions and tax credits to avoid paying a penny of federal tax for 1982. ... Although burglary is traditionally regarded as nonviolent, 30 percent of

the 9.5 million U.S. burglaries from 1973 to 1982 committed when the occupants were at home ended in a violent crime record with 262. ... A federal appeals court in St. Louis has ruled, 5 to 3, that Indians may kill protected animals, including bald eagles, the national emblem, on reservation lands providing that the feathers or carcass are used only for religious purposes and not offered for sale. ... Falling down stairs at work results in an estimated 33,000 disabling injuries a year, accounting for 1.3 percent of all lost work time, according to the U.S. Bureau of Labor Statistics.

Compiled by
ARTHUR HIGBEE

Secret Satellite to Warn
Of Soviet Preparations
For Attack, Experts Say

By William J. Broad
New York Times Service

NEW YORK — A likely major use of the satellite taken aloft Thursday on the secret military mission of the U.S. space shuttle Discovery is to help warn of Soviet preparations for a nuclear attack on the United States, according to military experts not working for the government.

By eavesdropping on radio, radar, microwave and other electronic signals from the Soviet Union, the satellite probably is meant to do much more than monitor explicit Soviet communications, they said.

These experts say the satellite could gather data that would allow intelligence agencies to make subtle distinctions in the electronic nature of the signals and thus detect Soviet preparations for nuclear war.

"These satellites can pick up things like changes in Soviet wavelengths as they switch from peacetime to wartime modes," said Paul Stares, an aerospace expert at the Brookings Institution.

[Discovery's] astronauts launched a \$300-million spy satellite on Friday that is designed to eavesdrop on Soviet military and diplomatic communications, sources at Cape Canaveral told The Associated Press.

[There was no official confirmation from the air force or the National Aeronautics and Space Administration, in keeping with the military secrecy surrounding the entire mission.]

In addition to detecting changes in wavelengths, the satellite might be able to monitor signal strengths to detect the agitated activity in the Soviet Union that might presage the start of an attack.

"You do pattern analysis," said Paul Bracken, a political scientist at Yale University and author of the book "The Command and Control of Nuclear Forces." "If you see a heavy traffic pattern between Moscow center and the missile fields or the naval bases, you start to wonder if something is up."

Such abilities to give advanced warning are well known in military and aerospace circles, they say in no way explain the secrecy that has surrounded the shuttle's mission, these experts said.

The Pentagon has made no comment on the type of payload being carried by Discovery.

It was reported last month that the satellite was meant for signals intelligence, which the military

calls signal. Those news articles said the satellite was to monitor Soviet missile tests and to eavesdrop on military communications from 22,300 miles (36,060 kilometers) above the Earth.

The deeper implications of that kind of ability, according to Mr. Bracken and other military experts, go beyond routine monitoring to detecting Soviet preparations for war for days, and perhaps weeks, ahead. Intelligence agencies then would present evidence of those preparations to U.S. leaders.

Mr. Bracken said that warning of nuclear attack was generally divided into two types, tactical and strategic. Tactical warning is mainly via photo satellites that use heat-sensitive infrared telescopes to detect hot exhaust plumes of Soviet missiles as they head for space. Most "early-warning satellites" fall into the tactical category.

In contrast, he said, strategic warning is meant to occur hours, days or perhaps weeks ahead. It relies on signals from intelligence satellites as well as other devices and eavesdropping on the state of the Soviet military and its related industries.

After its release, the new satellite is to be boosted into an orbit 22,300 miles high. This detail was made public when NASA reported that a special rocket, known as an inertial upper stage, is an integral part of the payload.

News Leaks Probed

The U.S. Air Force has begun an investigation to find the source of news leaks about Discovery's secret payload. The Washington Post reported.

The investigation is one of several that the Pentagon is conducting into news leaks, a spokesman, Michael I. Burch, said Thursday. He said the inquiries are aimed at finding the officials or employees of contractors who provided information, and not at news organizations.

Mr. Burch did not say what action the government would take if it could identify those who leaked information about the satellite.

Asked about a photograph of an early-warning satellite published on the most recent cover of Aviation Week & Space Technology, Mr. Burch said that such a picture "should not appear."

But the Pentagon later acknowledged that the air force had given the photograph to Aviation Week after it had been "appropriately reviewed and determined to be unclassified."

Charities Try
To Block U.S.
Plan Limiting
Tax Benefits

By Kathleen Teltsch
New York Times Service

NEW YORK — U.S. nonprofit organizations, battered by cutbacks in government grants and threatened by federal tax proposals, are fighting back with a nationwide lobbying campaign.

"I have never seen the nonprofits so alarmed," said Brian O'Connell, president of Independent Sector, a coalition representing 595 national nonprofit associations, philanthropies and fund-raising federations. "Every kind of organization from museums and colleges to small neighborhood associations or advocacy groups is aroused about the administration's policies toward charities."

In the last four years, federal grants to the organizations' welfare, educational and cultural programs have been cut by \$13.5 billion. And now the nonprofit groups say the Treasury Department's proposed restrictions on the tax benefits resulting from gifts to charities will cost them almost \$12 billion a year more, reducing individual contributions from \$59.5 billion a year to \$47.7 billion.

One charity, United Way of America, has urged its 2,200 local affiliates and the 37,000 agencies it supports to write to President Ronald Reagan and Congress urging the rejection of the Treasury's proposals on charitable contributions.

"The response has been overwhelming," said Jack Moskowitz, a senior vice president.

The lobbying has already been felt on Capitol Hill. Experts there predict protracted negotiations that are unlikely to result in all the changes the Treasury wants.

The campaign is aimed at three Treasury recommendations:

• A proposal to limit income tax deductions for charity to amounts above 2 percent of the taxpayer's adjusted gross income. The groups say this would discourage donations because the contributions of the average taxpayer amount to 1.97 percent.

• A proposal to restrict the deduction for a gift of property that has increased in value, such as securities, to the owner's original cost, plus an adjustment for inflation. That change, the nonprofit groups say, would hurt colleges, museums and other traditional recipients of appreciated stocks.

• A proposal to eliminate charitable deductions if the taxpayer does not itemize deductions. If all three recommendations are approved, according to Charles

Group Giving \$25 Million
To Support Peace Study

New York Times Service

NEW YORK — A major American philanthropic organization says it will spend \$25 million over the next three years on the study of international security and prevention of nuclear war.

The grants, announced Thursday, almost double the privately contributed money for research in this field, according to the group, the John D. and Catherine T. MacArthur Foundation of Chicago.

"No issue threatens the collective destiny of humankind like the menacing threat of nuclear war," said John E. Corbally, foundation president.

Planners of the program, including Dr. Jerome B. Wiesner, president emeritus of the Massachusetts Institute of Technology, said the undertaking sought to raise the number of experts in security issues and widen their concerns to include social, economic and environmental implications.

Under the program, 25 institutions in the United States and two in Britain will receive grants. Those in Britain are the International Institute for Strategic Studies in London and the University of Sussex.

A key element is a total of \$6.2 million for 96 two-year fellowships to be administered by the Social Science Research Council, 605 Third Ave., New York, N.Y. 10158. The council has set a March 31 deadline for the first group of applications.

The largest MacArthur grant, a five-year award of \$1.5 million, will go to the Brookings Institution. Brookings will also get a \$450,000 support grant.

Clofelter, a Duke University economist who made an analysis for Independent Sector, charities would lose \$3 billion.

Independent Sector says that nonprofit groups would suffer even greater losses from the Treasury proposal to reduce the top income tax rate to 35 percent from 50 percent. Lowering the tax bracket would reduce the saving from making charitable contributions, reducing the financial incentive to give.

The change in tax rates would cost charities \$6 billion to \$7 billion, according to Mr. Clofelter. But the groups are not fighting the overall rate reduction.

The principle behind the Treasury's lower rates, however, is that the reduction would be made possible by disallowing most tax preferences. The deduction for charitable contributions is one of dozens that the Treasury would limit.

In addition, the Treasury argues that large numbers of taxpayers abuse their charitable contribution deductions, writing off more than they actually donate.

But the limits on charitable deductions would raise relatively little revenue for the Treasury and may not be worth the fight.

The latest New York Times-CBS News Poll found overwhelming support for the continued deductibility of charitable contributions. A poll of 1,534 adults conducted Jan. 14-17 found that 81 percent of the public favored deductibility; 16 percent were opposed.

In organizing its campaign, Independent Sector is counting on the support from groups around the country that Mr. O'Connell and others maintain are more influential than commonly recognized.

A study by Independent Sector

identified 1,155,000 tax-exempt nonprofit groups, and the authors said there were probably several million more that had not sought tax exemption.

"In all four corners of America there are volunteers involved in some aspect of nonprofit activity," said Barber B. Conable, the former New York state congressman, "be they United Way workers, volunteer firemen, members of church or social welfare groups. As far as politicians are concerned these groups represent opinion-setters, they set the tone of the country. The politician ignores such groups at peril."

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Herald Tribune

Published With The New York Times and The Washington Post

Prospects for Growth

The numbers published this week confirmed everybody's impression: 1984 was a very good year for the American economy. Real GNP rose faster than in any year since the early 1950s. Income per person, after inflation and taxes, was once again higher than ever. Inflation stayed low, at least by recent standards. What are the chances of an encore in 1985?

Most of the current economic debate is over what is going to happen in the months immediately ahead. But it is worth asking whether anything is developing to raise the prospects over the longer term for the strong and stable growth that is every president's aim. So far there are not many signs of it.

The original Reagan program was supposed to generate an enormous expansion of investment capital by encouraging work and saving. The personal savings rate is still in the range in which it has been moving for the past decade, despite a number of tax incentives to raise it. Business investment in plant and equipment has risen sharply from the 1981-82 recession. In 1984, when it was 1980, as the year ended it was a shade higher. There is no sign of the flood of new investment that was to have transformed the American capacity to produce.

Most of the sources of long-term growth lie deep and are difficult for any administration to reach. Labor productivity will rise because

of demography; the numbers of inexperienced young people coming into the labor market in this decade will be lower than in the 1970s, reflecting the declining birthrates of the 1960s.

Major contributors to economic growth, both of them difficult to forecast, are new technology and a rising level of education. Federal support for research and development declined from the middle 1960s until early in the Reagan administration. It is now rising due to military spending; civilian research and development is still falling quite rapidly. As for education, a child's chances of finishing high school and getting a college degree are much higher in the United States than anywhere else in the world, but educational opportunity hit a plateau more than a decade ago and has not increased since then.

The greatest threats to economic growth now come from the instability being built into the economy by the two mounting deficits—the federal budget deficit and the trade deficit. Both at present are sustaining America's sense of well-being. The budget deficit stimulates growth, and the foreign deficit permits the country to spend more than it earns. Mr. Reagan's second term is an opportunity to bring both those deficits under control. But he does not seem to be making much progress in deciding how to do it, or at whose expense.

—THE WASHINGTON POST.

Points Made, Suit Lost

Ariel Sharon's long and bitter suit against Time has come out about as well as it could, given the circumstances. Credit should go first of all to the six members of what seems to have been a very conscientious jury. The result also owes much to the lawyers — to Time's, who proposed giving the jury a series of questions to guide them through the tangle of issues, and to General Sharon's, who accepted the idea. That led to Judge Abraham Sofaer's instructions to the jury to consider the complex elements in a libel case one by one.

Mr. Sharon got one thing that he badly wanted and to which he was entitled: a determination that one paragraph in Time magazine two years ago was wrong. It revolved around the massacre of Palestinians by Christian Phalangists in the Lebanese refugee camps in 1982, and the commission established by the Israeli government under Yitzhak Kahane, a former Supreme Court president, to investigate it. Time wrote that a secret appendix to the Kahane report included details of a conversation in which Mr. Sharon, then defense minister, was supposed to have discussed with Phalangist leaders their need to take revenge on the Palestinians. In the trial, Time's reporter acknowledged that he had no source for the assertion, which was an inference — "my evaluation," Time acknowledged before the end of the trial that there is "clear and convincing evidence" that no such conversation was contained in the appendix. The jury properly held the paragraph to be false.

But if the jury gave Mr. Sharon the verdict to which he was entitled on that point, it did not give him more than he was entitled to. It did not give him any broader vindication regarding the massacre. There the authoritative judgment continues to be that of the Kahane commission, which found that he bore "indirect responsibility." Nor did the jury give Mr. Sharon the \$50 million he claimed in damages. While the paragraph was false and its authors had been careless, the jury said, Time believed it to be true when it was published. Under the malice rule — devised to protect publications from being crippled by suits over unintentional errors — that finding bars liability. The case never advanced to the issue of damages.

The crucial innovation in this case was the segmented verdict. The judge asked the jury to come back with separate findings on the questions of defamation, truth or falsity, and state of mind. The Sharon jury first decided that the famous paragraph was defamatory — that is, harmful to his reputation — and then that it was false. It then proceeded to the question of Time's state of mind and found that the magazine had not knowingly printed a falsehood.

These suits by officials over their official conduct are troubling enough, and Time has paid a heavy price in defending itself. But the procedural technique of having a jury decide each element of the suit separately can help ensure that the difficult standard for libel claims set by the Supreme Court is truly met.

—THE WASHINGTON POST.

A meticulous jury has found Time magazine negligent and careless in printing a false and defamatory report about Ariel Sharon. But, after deliberating five days on the most crucial question, the jury found no malice. And that, given how American law treats public figures, means no libel — and the end of Mr. Sharon's \$50-million damage claim. He wins much of his case, but Time wins the suit. An issue that should never have had to come to trial has been resolved in a constructive way.

Constructive and salutary. Seen from our interested perspective in the trenches of journalism, the verdict affirms the law's special protections for a free press — but also underscores the obligations that the media bear. Public officials remain on notice that they cannot easily punish criticism with libel suits. The press is on notice that it can nonetheless be held accountable — and that it needs to provide better forums of rebuttal and redress.

This case turned on one paragraph in a long Time story two years ago about Israel's official finding that Mr. Sharon bore "indirect" responsibility for a massacre of Palestinians in Beirut. The American jury, crisply instructed in the elements of libel by Federal District Judge Abraham Sofaer, read that paragraph to imply a greater guilt, and thus as defamatory. Late in the trial, Time conceded that it was wrong to ascribe the implication to a secret document. But it failed to convince the jury that the account was still true.

A false and damaging defamation would, against an ordinary citizen, have amounted to libel. But because the U.S. Constitution plainly aims to protect and promote fearless reporting and debate, the Supreme Court has made it

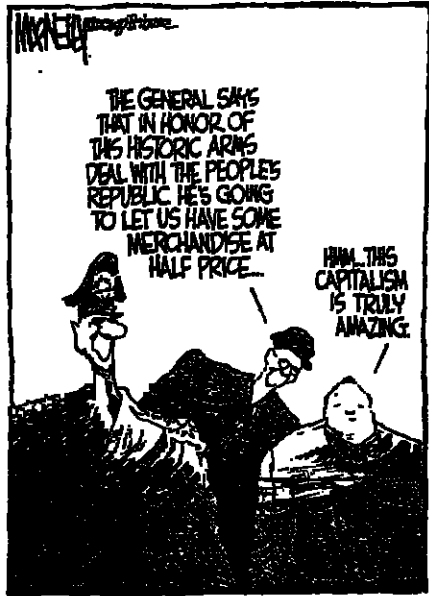
harder for public figures to prove libel. They must also prove malice: not just honest error or even sloppiness, but lying or reckless disregard of a knowable truth. It was at this last barrier that the jury gave the case to Time and vindicated the Supreme Court's purpose.

Mr. Sharon, by coming so close to clearing the malice barrier, showed that the law cannot be counted on to protect mendacious journalism. Yet the barrier remains high enough to protect anyone's aggressive reporting.

The jury found an absence of malice, but no shortage of arrogance. It went out of its way to reprimand Time for "negligently and even carelessly" defaming Mr. Sharon. It seemed to give voice to widespread discontent with influential media that are quick to dish out criticism but unwilling or reluctant to present a contrary judgment or to confess error.

Time thinks the jury misread the crucial paragraph. But these jurors were typical readers of Time. If they found its words maligning than intended, it should not require a long, costly trial to resolve the ambiguity. If, after studying the reporting, writing and editing routines at Time, jurors find some of them negligent, it is time for journalists to stop muting their criticism of one another. The best protection of free speech is more free speech, not less. To deserve the extraordinary protections of American law, Time and all of journalism need a stronger tradition of mutual and self-correction. The more influential the medium, the greater the duty to offer a place for rebuttal, complaint, correction and re-examination. Beating the arrogance rap is even more important than escaping one for libel.

—THE NEW YORK TIMES.



China's Reforms Are Just a Start

BEIJING — The West is agog over "capitalism" in China and alleged abandoning of Marxism-Leninism. The Western press has waited 35 years to report this story.

The evidence partially supports these claims, but it is being overstated. And the exaggeration contributes to a cyclical historical pattern of unrealistic expectations that can bring deep disappointment and mutual recriminations.

For their part, the Chinese certainly also have overblown notions of the West and its ability to contribute to China's quest for modernity. Through adept propaganda the Chinese media create unrealistic images for the Chinese people.

We Westerners are quick to selectively see what we want to see, and there is a strong tendency to see the Chinese as rejecting socialism because that confirms Western political

By D.L. Shambaugh

This is the first of two articles.

cal and economic beliefs. We think we see in China today an awakening of the human spirit to seek freedom, democracy and profit. We may well be witnessing just that — but a sense of Chinese Communist history and practical experience ought to suggest caution.

What China is engaged in is partial introduction of capitalist economic tools, and partial dilution of orthodox Marxism.

I have seen dramatic economic and ideological changes during a year and a half of travel and research in China. But I see more continuity with the past than change, and a variety of factors that can inhibit the pace and eventual success of recent reforms.

Economic, scientific, technological, social and ideological

change — in a word, modernization — is a complex and lengthy process. We will have to wait several decades to determine the final outcome of the trends that are being unleashed in China today.

This is not the first time since 1949 that the Chinese leadership has tried to tap the entrepreneurial initiative of the people. All previous attempts were short-lived. For there is, as Chinese Marxists would put it, a "fundamental contradiction" between economic or ideological freedom and a state apparatus controlled by a single party that monopolizes power and ultimately defines "truth."

The writer, author of "The Making of a Premier: Zhao Ziyang's Provincial Career," has been conducting research in China since 1983. He contributed this to the International Herald Tribune.

A Red Reformation vs. Red Orthodoxy

By Flora Lewis

Mr. Lin introduced a new name for what China is doing, calling it "socialist commodity production," and admitted that this was not part of orthodox. But he said that Marx overlooked the fact that supply and demand affect state-owned — in Marxist terms, worker- and peasant-owned — economies as they do private capital. "Seeking truth from facts is Marxism," Mr. Lin said. "Marx himself never made any specific prediction about the future."

The actual words of Marx are of secondary importance. They have always been subject to drastically different interpretations. The splits in the socialist movement after the Bolshevik revolution, producing pro-Soviet Communists, social democrats, Trotskyites and other splinters, reflect the variety of ways people always find of listening to a prophet.

What matters is that Moscow became the Rome of orthodoxy, claiming infallibility even when it veered from one thesis to another. A new, flexible definition of Marxism-in-power can be as significant to the future as Martin Luther's protest was to the Catholic Church.

Beijing's proclamations have been notoriously mobile, carving from "a hundred flowers" of liberalization to a "great leap forward" of chaotic repression. But if China sticks to the new course, that will be more fateful for the world than even early Marxist schisms, because it comes at a time when certainty about Marxist values is lacking everywhere.

Throughout Eastern Europe, regimes have been driven to tinkering one way and another, depending on local circumstances.

The Soviet Union will be celebrating the 70th anniversary of its revolution in a couple of years. Its system can no longer be considered experimental, recovering from upheaval, deserving a benefit of doubt as it embarks into the unknown. On the contrary, it is long congealed and its promises remain undelivered.

Many people in the hierarchy are well aware of that. There are complaints about a loss of direction. But reform is difficult, even frightening, not only because of the vested interests of an entrenched bureaucracy but because the system rests on strict controls. Change requires relaxing controls. But Soviet officials can never be sure at what point a little liberalization will risk setting off a chain reaction that would

undermine the power of the party. Repeated attempts at reform in Eastern Europe have confirmed Soviet fears about the risks of easing constraints. But they have also shown that Marxist orthodoxy does not produce satisfactory economic and social results.

Even relative successes are misleading. East Germany receives a vast subsidy from West Germany in such a variety of forms that it cannot be accurately calculated. It may be \$10 billion a year. It is surely over \$5 billion.

Hungary has a flourishing private sector in small business and considerable room for managerial initiative in many state-owned firms.

Yugoslavia, which made a radical departure with its worker self-management system, has found that it is not good enough.

All Communist regimes have found that the Marxist system of pricing brings economic distortion. Regarding labor as the sole measure of value does not work. The cost of capital, whether state-owned or private, and incentive to management have to be taken into account.

The impulse to seek "truth from facts," which the Chinese have admitted, is at work throughout the Communist world. For the long term it presages some transformations that can sweep the global political landscape.

The New York Times.



Forty Years of Armed Vigilance and Bitter 'Lessons'

By Stephen F. Cohen

PRINCETON, New Jersey — For most Americans, World War II is a remote and half-forgotten historical event. For Soviet citizens it remains the "Great Patriotic War" and a recent traumatic experience.

Those different national memories, and the political conflicts they generate, will be especially apparent this year, which brings the 40th anniversary of the end of the war. In the United States, few if any commemorations will occur before the traditional V-E Day ceremonies on May 8. In the Soviet Union, commemorations are already under way.

It is a mistake to think, as many Western observers do, that Soviet memories of World War II are prolonged merely by the unending flow of official propaganda. The government promotes the remembrance, as reflected in more than 15,000 books on the subject and memorials in every town, but the popular emotion is genuine. More than any other event, including the Russian Revolution, the war shaped the Soviet Union as it exists today, as a political system, society and world power. Its legacy endures among citizens because it was an experience of inseparable — and colossal — tragedy and triumph.

The tragedy began on June 22, 1941, with the massive, unexpected German invasion and the near total Soviet defeat. After four years of savage fighting from Moscow to Berlin, it culminated in 20 million Soviet deaths, about equally divided between soldiers and civilians. That often cited but little understood statistic meant that virtually every family lost one member or more. And the figure does not include the millions of survivors who were maimed for life.

Nor has the mourning stopped, particularly among women. Displaying worn photographs of lost sons, aged mothers of soldiers listed as missing in action (millions are so designated) still haunt veterans' reunions in hope of some word of their fate. And because so few men between the ages of 17 and 20 survived the struggle, millions of women of that generation remain unwed and childless, "their loneliness," as a Soviet observer recently, yet another "terrible echo of the war."

National glory can never compensate for such tragedies, but for most Soviet citizens final victory gave sacred meaning to personal losses. In their eyes it brought three great achievements: destruction of the Nazi war machine that had conquered the whole of

Europe; creation of the Soviet empire in Eastern Europe that was to guard against another invasion from the west; and the historic rise to great power in world affairs. So popular were those accomplishments that even embittered Russians often forgot, or forgave, the Soviet government's misdeeds that had contributed to the catastrophe of 1941, including Stalin's prewar massacre of Red Army officers, his 1939 pact with Hitler and the general unpreparedness for the German onslaught.

The shared wartime experience of "grandeur and grief," as a Soviet poet characterized it, changed the relationship between the Communist party-state and society in fundamental ways. For the Slavic majority at least, the system finally became a truly national one and thus legitimate. But Soviet "communism" also changed during the "war for the Fatherland," as traditional Russian nationalist values overwhelmed revolutionary and internationalist ones in the official ideology.

If nothing else, the war forged a lasting affinity between popular and official outlooks on the Soviet Union's overriding purpose at home and abroad. Henceforth it would do everything to guarantee that it would never again be unprepared for a surprise attack. That alone explains persistent popular support, despite the sacrifices involved in everyday life, for the government's obsession with national security, including its hold over Eastern Europe, its constant fear of "falling behind" in any area of weaponry and high priority it gives to military spending.

The war's legacy also underlies deeply ambivalent Soviet attitudes toward the United States. On the one hand, officials and citizens alike frequently recall warmly the Soviet-American alliance and gratefully acknowledge the U.S. aid, or Lend-Lease, that accounted for about 4 percent of gross Soviet

production during the years 1941-45. On the other hand, they resent bitterly any American slighting of their role in World War II, behind which they see a 40-year effort to deny the Soviet Union its hard-won right to full equality in the postwar world.

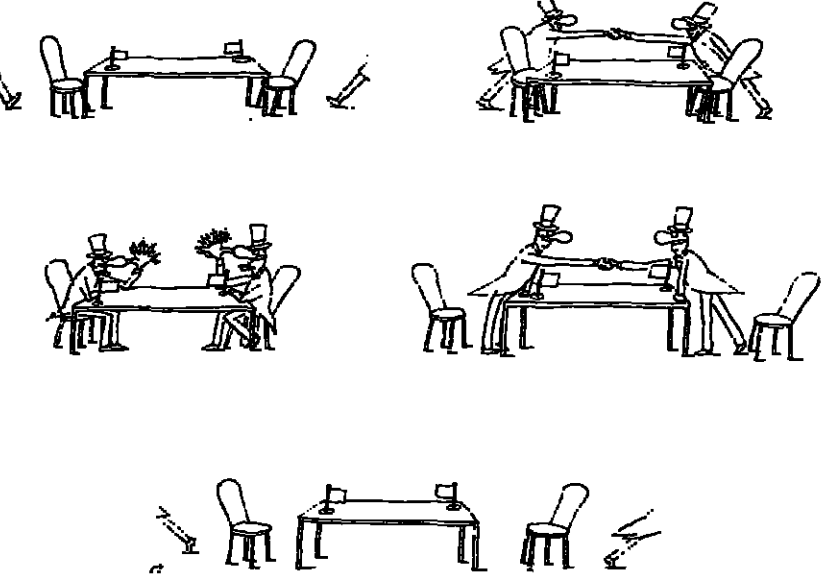
Perceiving such slights, as they did last year in the commemoration of D-Day at Normandy and as they will during this anniversary year, Soviet officials insist that their struggle was "decisive" in defeating Nazi Germany and in "saving world civilization." They argue that the war's major turning points took place at Moscow, Stalingrad and other Soviet battle sites; that until mid-1944 almost 95 percent of all Nazi ground forces were engaged on the eastern front, where Germany suffered 10 million of its total 13.6 casualties; and that 50 Soviet citizens died for every one American. Even after 40 years, no "historical truth" is more important in Soviet minds.

Apart from the need for "eternal vigilance," Soviet officials are far less united on the lessons to be learned from World War II, especially as they may apply to the United States. Pro-détente spokesmen still cite the wartime alliance as evidence that improved relations between the two countries are possible today. But other officials point no less adamantly to the German invasion as proof that perilous threats always lie in the west.

Their response to President Reagan's anti-Soviet crusade of the early 1980s was to equate him with Hitler. Americans outraged by that analogy should consider the Soviet reaction to some American "lessons" of the war. None is more offensive, even to many dissidents and émigrés, than arguments that the Soviet Union is a latter-day replica of Nazi Germany, driven by the same violent and insatiable lust for conquest and with which any serious negotiations are Munich-like acts of "appeasement."

In the nuclear era, such "lessons" on both sides are as dangerous as World War II concepts of civil defense. Symbolic acts of mutual understanding and memory are needed to dispel them. If the political will cannot be found by May 3, 40 years after the day American and Soviet troops met at the Elbe, there is no reason to believe it will ever be found, at arms talks or anywhere else.

The writer is professor of politics at Princeton University and a commentator on Soviet affairs.



Cartoon by Petrakis. In MIN (Belgrade). Distributed by Cartoonists & Writers Syndicate.

FROM OUR JAN. 26 PAGES, 75 AND 50 YEARS AGO

1910: Corporations Resist President
NEW YORK — Of President W.H. Taft's scheme for Federal incorporation of Corporations, the Atlanta Journal says: "The President's argument is an able one. But it is very doubtful if the advantages of such a plan would be equal to its disadvantages. The system would be an almost radical step toward Federal centralization of power." The Providence Journal remarks: "If [the plan] should be declared by the Supreme Court to be constitutional the whole question of the relationship of corporations to the Government would assume a portentous phase." The Chicago Inter-Ocean adds: "Think; if you can, of anything that would be left under a Federal incorporation act for the American people to do except cry in public: 'O King, live forever!'"

1935: Liver Sinks Off New Jersey
NEW YORK — The liner Mohawk, which sank off the New Jersey coast [on Jan. 24] with a loss of 47 lives following a collision, is the third passenger ship within four months to be lost in sea disasters. On Sept. 8, 1934, at 2:30 a.m., the Morro Castle, one of the luxury liners in the New York-Havana service, was destroyed by fire within a few miles of last night's scene, with a loss of 124 lives, 434 passengers and members of the crew being saved. On Jan. 6, 1935, the Havana, which had replaced the Morro Castle in the New York-Cuba service, piled up at 3:40 a.m. on Mantilla Shoals, the northern extremity of the Great Bahama Bank. Fifty-one passengers and 44 members of the crew were taken off and picked up by rescue steamers. One passenger died.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Telephone: 747-1265. Telex: 612718 (Herald). Cable: Herald Paris.

Directeur de la publication: Walter N. Thayer
Asia Headquarters: 24-34 Hennessy Rd., Hong Kong. Tel: 2-285618. Telex: 61170.
Managing Dir. U.K.: Robin MacGillivray. 43 Long Walk, London W22 7LJ. Tel: 01-834-2000.
Selling agent in U.S.A.: J.C.S. Publishers, 1200 N. 17th St., Philadelphia, Pa. 19104. Tel: 215-381-1116. Circulation: 100,000.
U.S. subscription: \$24 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
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Supporting the Eritreans Isn't Feasible

By Jonathan Power

LONDON — The Eritreans, an enterprising people who have been in revolt against the government in Ethiopia for the best part of 25 years, know that now is the time to seize the moment. Much of the outside world does not have an ounce of sympathy for the Marxist government of Lieutenant Colonel Mengistu Haile Mariam, which has practically brought the country to its knees.

The Eritreans are not only stepping up the war, they are also stepping up their contacts with Western policymakers. But a close look at the situation reveals a minefield for Western countries that might be tempted by a more activist role.

Ethiopia has always fascinated strategic thinkers because of its position at the mouth of the Red Sea. While Emperor Haile Selassie ruled, it was firmly in the Western camp. Today it is equally firmly in Moscow's camp, hosting 4,650 Soviet, East German and Cuban soldiers.

Now, because of the famine, the West is being drawn back in. But the governments of the United States, Britain, West Germany and Canada, the principal aid givers, are not altogether happy with their role of bailing out a Marxist regime that has an appalling record on civil liberties.

To support the Eritreans is tempting. They are a thorn in Colonel Mengistu's side. They are a hardworking and creative people. They have a case in their demand for independence.

But if the West came to the help of Eritrea it would need a watertight legal case, and there isn't one.

When the Organization of African

Unity came into being in 1963, a fundamental premise written into its charter was the recognition of colonial boundaries. For all their irrelevance to traditional ethnic divisions, this seemed to the founding fathers of African independence the only way to avoid the tearing apart of Africa.

The Italians colonized the province of Eritrea for 40 years. Before that Eritrea had not existed as a separate political entity. Then during the Italian's short occupation of Ethiopia, early in World War II, they reunited Ethiopia in the image of the old Amharic rule, bringing Eritrea again under the authority of Addis Ababa.

Respecting the OAU's colonial boundaries could mean respecting the separate identity of Eritrea. On the other hand, the same colonial forces that colonized Eritrea in effect put their stamp of approval on the old Amharic claim to Eritrea by ruling the two parts as one country as soon as they got the chance.

The British complicated the argument when they liberated Ethiopia from the Italians in 1941. Eritrea was returned to its prewar frontiers and placed under British military occupation for eleven years until 1952.

In 1950 the debate on Eritrea's future opened at the United Nations and the picture was further confused. Britain, the United States and their allies favored federation of Eritrea with Ethiopia. Moscow — opposite to its present position — took the side of Eritrean independence. The West-

ern nations had their way, although Eritrea was given a large degree of autonomy and self-government.

Ten years later, after a period of conflict between Eritrean separatists and Addis Ababa, the federal government cracked down, abolished the federal institutions and integrated Eritrea fully into Ethiopia in 1962.

Since then the military conflict has escalated to its present proportions. It is estimated to have cost a quarter of a million lives, with the most militant elements fighting for total independence. Yet it remains unclear whether a majority of Eritreans want to be independent. Autonomy is still probably the majority aim.

If the legal issue is blurred, politically there are at least two good reasons for the West not to get involved. The Eritrean resistance is split three ways. Fighting has been common; over the years, a number of leaders have been liquidated by opposing factions. Moreover, the group that is most effective on the battlefield, the Eritrean People's Liberation Front, is Marxist-dominated. For the West to become deeply involved in supporting the Eritrean cause would mean stepping into a minefield.

Longer-term political factors also militate against involvement. Why should the West feel it has to involve itself in every African dispute? In Angola or Zaire it did not achieve its aims and only ended up giving itself a bad name as interventionist.

The Eritreans may deserve sympathy, but there are good reasons to withhold formal support.

International Herald Tribune.

LETTERS TO THE EDITOR

Ethiopia Needs to Hope

The editorial "The Koreans Need to Sell" (Jan. 8) notes that per capita income in South Korea jumped from \$100 in 1964 to \$2,000 in 1984 — that is, in the space of just 20 years — largely through hard work and in the absence of natural resources like oil. Certainly it is difficult even to dream of a similar growth rate for Ethiopia. However, I would be surprised if anyone dreamed of a \$2,000-per-capita South Korea back in 1964.

Everyone has heard a lot about Ethiopia's present agony. I think it is time to modify the news coverage a little to allow for rehabilitation potential and the goal of Ethiopian self-reliance in basic needs.

It is clear that the major contribution has to come from the Ethiopians themselves, both inside and outside the country. But along with that domestic effort the United States, the Soviet Union, Europe, Japan, China and the Arabs could play a decisive role. It ought to be possible to see a happier Ethiopia, if not a prosperous one, by the turn of the century.

Ethiopia has immensely contributed to international civilization in the past. If the better-off part of the world assisted her in this hour of difficulty, the world would in a sense be paying back its debt.

I would like the international community to think of Ethiopia as facing a great challenge, that can be met if there is a will, instead of a tragedy that implies a hopeless state.

GETACHEW TELAHUN, Development Projects Study Agency, Addis Ababa.

Meddlesome Kennedys

It could be added to your editorial comment (Jan. 16) on Senator Edward Kennedy's trip to South Africa that he is not the first Kennedy to be accused of meddling in another country's affairs. In 1957 Senator John F. Kennedy, speaking in the Senate, urged independence for Algeria, where France was deeply mired in countering a rebellion. This produced great irritation in official Washington circles and of course in Paris, where the government of Premier Guy Mollet could scarcely find words to express its exasperation.

The speech was cited in many places as an example of John Kennedy's irresponsibility in foreign affairs. Five years later Algeria was independent and Mr. Kennedy was president.

ROBERT N. STURDEVANT, Juan-les-Pins, France.

Gossip Beside the Point

Whether Margaret Heckler, U.S. secretary for health and human services, condemned her husband "to a life of either celibacy or adultery" by refusing to have sexual relations with him is titillating gossip unworthy of the International Herald Tribune (People, Jan. 10). Calling her political ambitions "all consuming" and suggesting that they drove her to avoid a divorce that could have been harmful to her career is gender-biased nonsense. A more appropriate discussion would focus on the secretary's public performance at her job.

ALISON JONES WEBB, Dakar.

2 Officers Cry In Court as Film Shows Priest's Body

United Press International

TORUN, Poland — Two security police officers accused of kidnapping and murdering a pro-Solidarity priest broke down and wept Friday as a court shown film of his body being dragged from a reservoir.

Lieutenant Waldemar Chmielewski slumped in the dock, sobbing. Lieutenant Leszek Pekala cried and hung his head to avoid looking at the two screens in the courtroom showing the film. They are accused with Captain Grzegorz Piotrowski of kidnapping, beating and killing Father Jerzy Popiełuszko.

Their superior, Colonel Adam Pietruszka, who is charged with complicity in the killing, and Captain Piotrowski stared at a blank wall during the screening.

Colonel Pietruszka has pleaded not guilty; the three officers have confessed to the killing but said they were acting on orders of their superiors.

The court was shown black and white film of the priest's body being lifted from the reservoir where it was thrown Oct. 19. It was retrieved 11 days later.

The film showed the body, weighted by a bag of rocks and clad in a mud-smeared cassock, as it was lifted from the reservoir. Close-ups of his blackened face showed it bruised and swathed in adhesive tape and gauze that was used to gag him.

As the body was being searched, a group of police officers surrounding it were laughing. A defense lawyer explained that the officers were amused because they had discovered a calling card in his clothing that bore an address other than his home. The lawyer said the officers had assumed that the card confirmed reports that Father Popiełuszko kept a secret apartment and a mistress.

Earlier, the court listened to a recording of Lieutenant Chmielewski's voice as he confessed.

On Thursday, a pathologist, Professor Tadeusz Jozwik, said the exact time of death could not be determined, but he ruled out drowning as a cause. The autopsy results said the priest suffocated by being gagged, or by rope around his neck, or by choking on his blood.

Another pathologist, Maria Byrdy, showed the court the weapon used to club the priest — a thick tree branch. "This was heavy enough to inflict powerful blows which were delivered to his ear, jaw and the back of his skull," she said.



Maria Byrdy, a pathologist who performed the autopsy on Father Jerzy Popiełuszko, shows a Polish court a club allegedly used in his murder by officers of the secret police.

Soviet Delegates to Arms Talks Chosen

Izvestia Continues Criticism of U.S. Space Defense Plan

United Press International

MOSCOW — The Soviet Union has chosen its delegation to coming arms talks with the United States and will announce the negotiators' names in a few days, the Soviet news agency Tass said.

The agency reported that the ruling Politburo, at its regular meeting on Thursday, approved the negotiating team to the arms control talks. The talks were agreed upon by Foreign Minister Andrei A. Gromyko and Secretary of State George P. Shultz earlier this month.

The United States announced its negotiating team last week.

An appropriate decision was

adopted, including on organizational questions with regard to the Soviet delegation to the talks," Tass said. An agency spokesman said later that the delegates' names would be announced in a few days.

The government daily Izvestia, adding to the condemnation in the Soviet press of President Ronald Reagan's Strategic Defense Initiative, unofficially known as "star wars," said: "There is open talk in the United States about the advantages of deploying American space arms because it would make it possible to conduct an entire nuclear conflict exactly over Europe and not over the United States."

It said that, although the White

House had indicated that the Soviet Union was working on a similar system, "The Soviet Union does not have such plans and the people in Washington know this well."

"The Soviet Union, understandably, will not be sitting on its hands and waiting to see what will be the result of the American studies, but in its turn will be forced to take the necessary measures," the newspaper said.

Moscow has said that any agreement in the arms talks would be linked to a halt in the U.S. space weapons development, but Washington says it has no plans to halt its research on such a system.

U.S. Aide Pessimistic on Talks

A senior U.S. official said Friday he saw little chance of agreement in the 1985 series of negotiations on European security and disarmament that opens Tuesday in Stockholm. The Associated Press reported from Brussels.

The statement by James Goodby, chief U.S. delegate to the talks, contrasted with reports from Stockholm earlier this week that Soviet diplomats expected an agreement by the end of the year.

Speaking at the headquarters of the North Atlantic Treaty Organization shortly after high-level officials from the 16 member nations met to discuss their strategy for the Stockholm talks, Mr. Goodby said: "The will is there on our part to negotiate."

But he added later that he considered it unlikely that a deal could be struck much before the November 1986 deadline of the 35-nation Conference on Security and Disarmament in Europe.

Bonn Insists Missile Fire Did Not Pose Public Threat

The Associated Press

BONN — A fire in a Pershing-2 missile that killed three U.S. soldiers at a missile base earlier this month posed no danger to the West German public, Defense Minister Manfred Wörner told the parliament on Friday.

During a debate about the accident, Mr. Wörner said "at no time" were local residents threatened by the missile that caught fire Jan. 11 at the Redleg missile base near Heilbronn.

The U.S. Army said the first-stage rocket fuel ignited while the missile was being unloaded from a packing case, fatally burning three soldiers and injuring 16.

The army said there were no nuclear warheads nearby and the public was not endangered. But it has not released results of its investigation into the cause of the accident.

Mr. Wörner said German news reports were false in claiming that Pershing-2 missiles were inadequately tested. He said 18 of 22 test firings in the United States have been successful.

But members of parliament from the leftist opposition Social Democrats and Greens advocated a freeze on deployment of the missiles and transporting them on German roads until the cause of the fire has been disclosed.

"The only sure protection is the removal of the missiles," declared Karin Fuchs, a Social Democratic deputy.

However, Mr. Wörner and other deputies from the right-center coalition government rejected leftist calls for a "binding parliamentary statement" on the matter. There was no vote.

"We shouldn't allow the mass media and the enemies of our state to cause hysteria," said Ursula Krone-Appuhn of the Bavarian conservative Christian Social Union.

In a meeting last week of the parliament's defense committee, coalition deputies voted down a motion from the opposition for a freeze on deployment of the Pershing-2s because of the accident.

Military officials have said about 50 Pershing-2 medium-range nuclear missiles have been stationed in southern Germany since deployment started in November 1983.

A total of 108 Pershing-2s are to be situated in West Germany.

Silesian Debate Revives in Bonn

Proponents of German Reunification Embarrass Kohl

By Tyler Marshall
Los Angeles Times Service

BONN — It has been almost 40 years since the Silesian region of Hitler's defeated Third Reich became part of Poland, but those who fled westward and began their lives anew in West Germany have never given up hope that the area would one day return to German hands.

This week, amid political commotion and pressure from Chancellor Helmut Kohl, West Germany's largest organization of Silesian refugees was forced to reword a motto expressing these sentiments.

The controversy reflects the divisions in West Germany on such basic questions as the definition of any future, reunited Germany.

The demands of refugee and expellee groups have complicated Mr. Kohl's efforts to improve relations with Eastern Europe. Poland, Czechoslovakia and the Soviet Union, which also owns such territory, bridle at talk of Germans regaining lands lost after World War II.

This time, however, the motto selected for the annual rally of the Silesian League next June, "Forty years of banishment — Silesia remains ours," provoked debate in West Germany as well.

Mr. Kohl, who caused a controversy in the fall by becoming the first chancellor in almost two decades to address an expellee group, reportedly found the motto provocative and refused to honor a commitment to address the Silesian rally unless it was changed.

Right-wing members of Mr. Kohl's Christian Democrats have expressed understanding for the Silesian expellees, while the Social Democrat opposition condemned the argument. Hans-Jochen Vogel, parliamentary leader of the Social Democrats, called the debate an "unseemly game" that could disturb West Germany's reconciliation with East bloc countries.

After meeting Monday with Mr. Kohl, the Silesians modified their motto to: "Forty years of banishment — Silesia remains our future in a Europe of free people."

Herbert Hupka, head of the Silesian League and a member of the West German parliament, said Tuesday that Mr. Kohl had accepted the new wording and would now address the gathering, which is expected to draw 150,000 people.

However, in an open letter to Mr. Kohl on Tuesday announcing the change, Mr. Hupka maintained his hard line. "Silesia isn't just the home of Silesians," he wrote, "but the property of all Germans."

Social Democrats charged that the text of the letter and the new wording left the Silesians' position virtually unchanged. Horst Ehmke, their deputy parliamentary leader,



Herbert Hupka

called this "grotesque, shameful."

In its 1970 treaty with Poland, the West German government acknowledged the present Polish western frontier, including Silesia. The border, which Poland shares with East Germany, runs mainly along the Oder and Neisse Rivers.

Foreign Minister Hans-Dietrich Genscher has repeatedly said recently that Bonn considers existing European borders "inviolable."

But the West German government also holds to a contradictory view that, sometime in the future, a peaceful realignment of Europe's frontiers will bring these lost areas back to German control.

Foreign Ministry officials admit the policy is confusing, but say unofficially that it would be politically difficult not to offer some hope to those West Germans who trace their origins back to the lost eastern territories.

The German Silesians resettled in West Germany after World War II are estimated to number 2 million, an important part of the 13 million Germans driven from the eastern territories of the defeated German Reich after the postwar border realignments.

Silesia was conquered by Frederick the Great of Prussia in the 1740s, but its coal- and steel-producing regions were ceded to Poland after World War I. Poland acquired the rest of the province after World War II, except for two small districts that are now part of East Germany.

■ Paper Describes Unification

James Markham of The New York Times reported from Bonn on Friday:

A magazine representing refugees from Silesia has published an

article suggesting that the West German Army could move into eastern Europe and reunify Germany.

The article by Thomas Finke, "Reflections About Germany," which appeared in the organization's official organ, The Silesian, described a fictional, unopposed sweep by the Bundeswehr through eastern Europe to the Soviet frontier, saying that the "overwhelming part of the population greeted the Germans as liberators."

As Austria had decided to merge with the Federal Republic of Germany, German reunification had been achieved, he related.

Mr. Finke wrote that reunification had been possible because West Germany had used its economic weight to weaken the Soviet empire. "As long as the Soviet Union is internally stable and strong in military and foreign policy terms, a solution of the German problem in the sense of the Federal Republic is not possible," he wrote.

In a statement that was cleared by the chancellor, Peter Bönisch, the government spokesman, on Friday criticized the article as "irresponsible, damaging and untrue."

"The federal government expects that the leadership of the Silesian organization will draw the consequences for those responsible for this mistaken action," he said.

Seoul Disavows Threat to Jail Returning Exile

New York Times Service

WASHINGTON — The South Korean Embassy says the government has disavowed a threat to imprison the opposition leader Kim Dae Jung if he returns from exile in the United States as planned next month.

A statement issued by the embassy Thursday said the comments by Choi Chang Yoon, secretary for political affairs to President Chun Doo Hwan, that Kim would be imprisoned if he returned "do not represent the views of the Korean government."

"The embassy understands they were strictly his personal views and do not relate to the position of the Korean government in any manner," the statement said.

An embassy spokesman said the disavowal had been approved by the Seoul government. He could not say what would happen to Mr. Kim if he flew back to South Korea as planned on Feb. 8. In the past, Seoul has limited its comments to saying that he would be dealt with according to Korean law.

Angolan Rebels Appear to Be Overreaching Goals

By Peter Wise
Washington Post Service

LISBON — The Angolan rebel movement UNITA appears to be overreaching its military capacity and is showing signs of internal dissent as it intensifies guerrilla and diplomatic activity to secure a significant role in negotiations toward a regional peace settlement, according to diplomatic observers.

The determination of the rebel leader, Jonas Savimbi, to achieve impressive military successes to demonstrate the guerrilla strength has met with opposition from field commanders who fear he is pushing the offensive ahead too far and too fast, according to the assessment of Western analysts here.

Recent tensions within the pro-Western rebel movement have been reflected in the acknowledgment by the rebels of a setback in plans to advance toward the Angolan capital of Luanda, open disenchantment over closer U.S. ties with the Marxist government and uncertainty surrounding the status of top guerrilla leaders.

"Something is clearly happening inside the UNITA hierarchy," said a Western diplomat in Lisbon, "but it is difficult to assess the precise significance of the changes." Most

African leaders in this former colonial capital attribute the signs of agitation to rebel fears that they are being squeezed out of U.S.-led efforts to end bush wars in Angola and the neighboring South African-controlled territory of Southwest Africa, also known as Namibia.

UNITA, a Portuguese acronym for the National Union for the Total Independence of Angola, has been waging an effective anti-government campaign of economic sabotage and guerrilla attacks since its defeat by the ruling Popular Movement for the Liberation of Angola (MPLA) in a brief civil war

that followed independence from Portugal in 1975. The Marxist MPLA draws on Soviet technical aid and the backing of an estimated 25,000 Cuban troops in its war against the rebels who acknowledge logistical support from South Africa.

Successive U.S. administrations have given UNITA tacit support as allies in a strategy to diminish Soviet and Cuban influence in southern Africa, although Congress banned U.S. aid to the rebels in 1976. But the decision by President José Eduardo dos Santos of Angola last fall to respond to three years of quiet U.S. diplomacy in the region has led to a warmer climate in relations between Luanda and Washington that the rebels view with disfavor.

"The United States seems to be forgetting that we are its real friends in Angola," said Fernando Wilson dos Santos, a UNITA information officer. "Washington is acting against its own global interests by asking us to make concessions and not the MPLA." He expressed concern that the Reagan administration would seek to accommodate Luanda by accepting a settlement in which UNITA had only a symbolic presence in a future Angolan government.

In a diplomatic offensive that seems to reflect rebel anxieties, Tito Chingunji, UNITA's permanent secretary, has begun a tour of European capitals telling Western governments that UNITA is offering the Popular Movement for the Liberation of Angola "a last chance" to negotiate its demand for full power-sharing in a government of national unity. According to Mr. Wilson dos Santos, the alternative is an intensification of the guerrilla war focused on besieging the capital.

While Western observers recognize that the rebels' strike-power is



Jonas Savimbi, Angolan rebel leader

considerable, they note recent indications that rebel forces may have been put under severe strain by a widening of the bush offensive.

Over the past year UNITA claims to have extended armed operations into every Angolan province except southwestern Mocimboa where the desert terrain is unsuited to guerrilla combat. The rebels say they control large areas of the southeast and are currently setting up their own administration in the remote northeastern diamond-mining province of Lunda.

Rebel officials admit that they

have been stalled in their declared aim of massing 20,000 guerrillas into Lunda province by the end of last year in a drive toward the capital.

"So far only about 7,000 men are in the province but the mobilization is continuing," said Mr. Wilson dos Santos. Allowing for exaggeration, the actual number is thought to be much lower. Reliable sources estimate overall rebel strength at about 20,000.

Mr. Savimbi claims to command a force of 50,000, including regular troops, guerrillas and local militias.

Stassen Says There Is an 'Urgent Need' For Changes in UN He Helped Create

New York Times Service

UNITED NATIONS, New York — Harold E. Stassen, the only American now living to have helped draft and to have signed the original United Nations Charter, says there is "a very urgent need" for a second charter so that "a new United Nations might grow out of the old."

Mr. Stassen, 77, a former governor of Minnesota and five-time presidential candidate, said Thursday the world organization was "deteriorating" and that, without changes, "the alternative is spreading terrorism and growing local wars."

Mr. Stassen suggested that the world organization could be strengthened by the introduction of

"weighted voting" based on such factors as population and gross national product rather than the current one-country one-vote system of the General Assembly.

As the United Nations prepares to celebrate its 40th anniversary, Mr. Stassen urged member states to consider establishing a new 22-member Central Cabinet of Administrators, a permanent peace council of 250,000 members and a more equitable system of financing.

He acknowledged that the United Nations had been successful in meeting its primary goal of peacekeeping and was "entitled to substantial credit for the crucial fact that there has not been a third world war."

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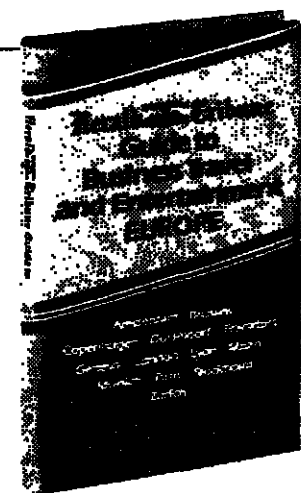
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ARTS / LEISURE

Red Grooms Raises Another Ruckus

By Max Wykes-Joyce
International Herald Tribune

LONDON — A "ruckus" is defined in that bible of the English lexicographer, the Oxford English Dictionary, as "an uproar, disturbance or row," while the Reader's Digest Great Illustrated Dictionary, developed from the lexical databases of the Houghton Mifflin Co. of Boston, defines a ruckus as "a noisy disturbance, a commotion." Both dictionaries agree that the word is a hybrid of ruck and rumpus, while the O.E.D. adds that the word's earliest use was recorded by "American Dialect Notes" as 1907 in north-west Arkansas.

Whatever its origin and usage, the American artist Red Grooms, born in Nashville, Tennessee, in 1928, has called his huge painted subterranean works Ruckuses since 1962, when he produced the first of these large environmental and figurative installations, "City of Chicago." His cohort of collaborators and assistants is called the Ruckus Studios.

For his first major exhibition in Britain he completed a three-dimensional, 20-foot-long (6-meter) Ruckus called "The Alley," depicting life in an alleyway in SoHo in lower Manhattan, framed by slices of buildings, trucks and other figures.

A splendid mixed-media work, "London Bus," was featured in Grooms's 1984 New York show. Earlier Ruckuses included the impressive "Ruckus Manhattan," in New York in 1975-1976, successfully staged in Tokyo at the Seibu Museum six years later; the "Discount Store" at Nashville (1978); the "Bookstore" now in the Hudson River Museum in Yonkers, New York; the "Ruckus Rodeo," first exhibited in 1981 at the Aspen Center for Visual Arts and now owned by the city of Fort Worth, Texas; and the "Philadelphia Cornucopia," commissioned by the In-



Red Grooms working on his installation, "The Alley."

stitute of Contemporary Art for the city's centenary celebrations and bought by a group of citizens for the Philadelphia Civic Center.

Why no London Ruckus? "Because I have not been here long enough to familiarize myself with the city," Grooms said. "The Alley" there — he indicated the wooden-framed and acrylic-painted foam-rubber construction — "is a block away from the studio I've worked in for 12 years and more. I walk along it almost every day when I'm in New York. Even the installation I made in Paris wasn't wholly satisfactory, since I didn't know Paris well enough."

And yet he has been much influenced by France in this recent work: Among the 30 paintings, collages and reliefs are many inscribed "Gordes," a place on the Vaucluse-Provence border in southern

France, where many of his recent works were created last summer and fall.

"That was and is different. When I came to stay in France last year, I brought only my paints, not even a canvas. So I had to begin by getting the feel of the available materials. And what I found was that in the States we are extravagant with the mass of materials we use, while in France people are so careful to conserve everything for when it might be useful. The boxes you get with the groceries, the images on packages, advertisements in the papers and magazines, I saved them all, even the foil and the corks from wine bottles."

He made good use of them — the collage photograph heads of "The Bathers," the hand-glitter and the present-day lovers, observing with amusement and even wonder the coverings of the dancing antiques on the "Bride at Avignon," the photo of the young pop singer cut from a magazine that provides the face of "La Liberté," a 1984 updating of the chief figure in Delacroix's "Liberty Leading the People."

Nor is this last image the only witty reference to other masters. The cardboard, glue and collage figures of "Les Dames de Marseilles" are a travesty of Picasso's Cubist damsels. A parody of van Gogh's "L'Arlesienne" is painted in bright colors on a shovel. A van Goghish "Man in a Field" is painted on a hoe blade. "Simple," said Grooms. "I arrived in France without materials. I don't speak French. I went to a bricoleur (do-it-yourself shop) and saw the hoe and those shovels there and thought how much personality and underlying dignity there was to those things, and how well they'd suit my ideas."

As a loner who dabbled in Happenings and chose to be in New York at the height of Abstract Expressionism, Grooms was, despite his figurative inclinations, influenced by Kline, Guston and de Kooning. But there can be no firmer nor finer mentor, even at this remove, than Rembrandt, the arch-realist.

"Red Grooms: Recent Work," Marlborough Fine Art, 6 Albemarle Street, London W1, through March 1.



Grooms's "La Liberté" (1984).

A Cornucopia of Objects from Holy Year Festivals

By Edith Schloss
International Herald Tribune

ROME — "Jubilee" comes from the Hebrew word *yobel*, for the ram's horn blown every 50 years, when slaves were freed and debts canceled. The first Christian jubilee was proclaimed in 1300 by Pope Boniface VIII, when everyone who visited the churches of St. Peter and St. Paul in Rome 30 times received plenary indulgence and remission of all sins except usury.

At the first jubilee, pilgrims flocked to Rome from every corner of Europe to adore the Holy Face on St. Veronica's veil and to visit St. Peter's grave.

Subsequent jubilees, or holy years — not only a time of renewal of faith, popular festival and pagan but also great occasions for pop as well as revenue — continued at intervals of 50 and later 25 years. Occasional special jubilees were declared, as Pope John Paul II did for 1983.

A selection from the cornucopia of artifacts ordered made for each holy year — paintings, sculptures, mosaics, frescoes, ceremonial objects, manuscripts, books, guides and so on — being exhibited at the Palazzo Venezia is a clear indication of the popular taste of each period as well as the judgment of the popes as patrons of the arts. Above all it shows the role of the papacy as a political power in Italy. One can see that, when that power declined under Pius IX in 1875, artistic production for the church declined as well.

Though the material assembled comes from museums all over the world, most of it is from the Vatican Museums. This is the space between the pavement of the Renaissance St. Peter's and the floor of the Constantinian basilica under it. To this basement, artists and architects relegated the work of their predecessors when erecting their own additions to papal splendor.

Among the memorabilia in a show that is meant to be Rome's answer to the Medici exhibitions in Tuscany four years ago, there are two outstanding features. The first



Detail from the ciborium of Sixtus IV.

is a freshly reconstructed ciborium commissioned by Sixtus IV, not only one of the first great manipulators of power politics and nepotism in the church, according to Machiavelli, but also an enterprising builder and urban innovator who used to great advantage the wealth his jubilee of 1475 brought him. To him we owe the start of the Sixtine Chapel, the church of Santa Maria del Popolo and the Ponte Sisto, the bridge that channeled holy-year traffic back from St. Peter's and so eased the load of pilgrims over the Ponte Sant'Angelo, until then the only bridge crossing the Tiber.

This enterprising pope's jubilee

ciborium, a structure surrounding the receptacle holding the host, has been reconstructed as it was in St. Peter's in the 15th century. There it stood on the spot where today the central altar in St. Peter's is surmounted by Bernini's baldachin, with its giant twisting bronze columns. It is not clear where the ciborium originated, nor which of the artists who were engaged in the building of the Renaissance St. Peter's — such as Bramante, Raphael or Michelangelo — was responsible for its removal to the Vatican Museums. There it lay forgotten for centuries, until its corner panels were picked to travel with the recent "Treasures From the Vatican" ex-

hibition. After that, as some scholars had conjectured, the corner panels were found to dovetail with some larger panels to form the entire structure of the ciborium.

This is made up mainly of four large marble reliefs depicting the life of St. Peter and his suffering at the hands of pagan soldiers. It stands squat and stern, willfully alluding to Roman art, Trajan's column and the Roman sarcophagi. But though it plays with the values of the past and means to be severely classical, this beautiful frieze is tempered by the attention to fine detail of the Renaissance, and by Renaissance balance and sensibility.

Of pure Renaissance grace are other pieces of a resurrected monument from the grottoes, figures by Mino da Fiesole from a tomb to Pope Paul II, who restored many ancient monuments and left a fine collection of antiquities. He also built the palace in which the exhibition is housed, the Palazzo Venezia.

Other exhibits include a "St. Veronica's Veil" by El Greco, recently discovered in a monastery near Toledo; a finely simplified bust of Boniface VIII; a mosaic after a drawing by Giotto; and works by Melozzo da Forlì, Borromini and Bernini, among the most noteworthy.

But, in addition to the ciborium of Sixtus IV, it is another great work brought before the public for the first time that makes the show especially worthwhile: the "Conversion of Saul," believed by most scholars to be by Caravaggio. Commissioned for the jubilee of 1600 by Pope Clement VIII, it is the first version of the canvas on the same theme that hangs in the church of Santa Maria del Popolo. The subject of the painting, revelation and rebirth, is an obvious allegory for the holy year. Though it lacks the sweep of the later version, this masterpiece presents a lavish scene of drama and brooding, sharp shadow and sudden illumination.

"Rome from 1300 to 1875: The Art of the Holy Years," Museum of the Palazzo Venezia, Piazza Venezia, through April.

By Hebe Dorsey
International Herald Tribune

ROME — Continuing in his long and successful "rich is better" tradition, Valentino has delivered an uplifting gem of a summer collection.

Shown Thursday evening in the frescoed salons of the Grand Hotel, whose pillars were decked with green foliage, it was an event on Rome's social calendar, the kind that attracts sequins, sables and diamonds, all stacked on top of one another.

"It's like going to the opera — I can't believe it," said Luisa Moore, who flew in by private jet from

ROME FASHIONS

Gstaad. Her husband, Roger, did not make it; he was recuperating from seven weeks of filming another James Bond spectacular.

Maria Pia Fanfani, in a long beaded Valentino tunic, flew in from Washington. The ultrathin Nan Kempner came from New York on her way to Paris. Gstaad and the Nile. The actress Clio Goldsmith came from Paris. So did the Comtesse de Ravenel, who made the trip specially to select a dress — gold or yellow mandatory — for the March 30 housewarming of La Favorita, Jean-Pierre and Rosemarie Marce-Riviere's new home in Argentina.

Valentino gave them just what they expected — a pretty, slim, cropped look for daytime and tons of embroidery for evening. Next little dresses were topped by boleros, grazing draped waists. Shoulders were still very much there, good and square but not aggressive. This was an elegant, lady look, with skirts well above the knees.

The mood was back to the '50s, when girls were girls and knew it. Valentino's most blatantly retro touches included short white kid gloves (the kind you only wear once), white collars and cuffs, white camelia buttonholes and black Ascot ties à la "Gigi."

The collection was awash in pink, from a coy, bombon-pink silk crepe to startling, neon-pink make-up. Next in line came turquoise, parma and a soft chaireuse. Black and navy were used as counterpoints. There was a lot less beige than usual, except for the opening numbers, which were carried in a coarse, interesting linen. The collection's 78 coats came in strong colors over slim black dresses.

Although the embroidery was just short of mind-boggling, Valentino's best moments were his most sober ones. His last dress — of plain red silk by Taroni held by two black bows in back — brought down the house. Two other beauties were the panniered, Velasquez Infanta dresses. One was made of stiff black silk with turquoise panniers; the other was solid black and impressive in its simplicity.

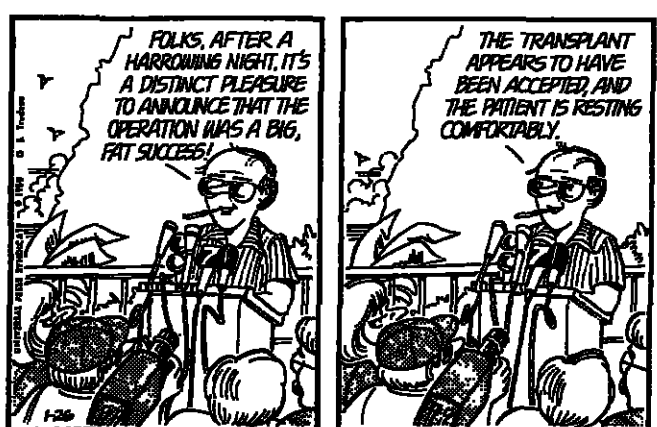
Valentino, who started a trend in jeweled evening shoes, continued with stiletto heels in colors and patterns matching the dresses: pink and turquoise, silver and gold, black and white dots, glittering mirrors.

One of the most amazing things about Valentino is that year in, year out, the luxury of his collections is unabated. He still employs 130 seamstresses, who work until the last minute; there doesn't seem to be a single sewing machine in



Valentino putting the finishing touches on a red crepe dress.

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sight at his workshops. A Valentino dress still takes three weeks to embroider. The designer himself, impeccable in navy blazer and tie, worked like an artisan during the showing, adjusting a hat here, a button there, and generally watching after the smallest details. "I just love my work," he said later during a dinner at his palatial house on the Via Appia.

One of his embroidered dresses, which would have done very well for Marie-Antoinette, was covered with tiny pink silk roses, diamond hearts and gold leaves, all applied by hand. Another was embroidered with multicolored crystal beads in a cross-stitch pattern, another still featured giant paisley patterns. The prettiest group were the monochrome, pearl-embroidered shirts over short, swinging skirts — perhaps the world's most luxurious sportswear.

Valentino has left the Camera

Nazionale della Moda, the Italian couture association. This could deal a fatal blow to the rest of Rome couture, which essentially exists only at the local level. But he is not leaving Rome; he will show there and in Paris.

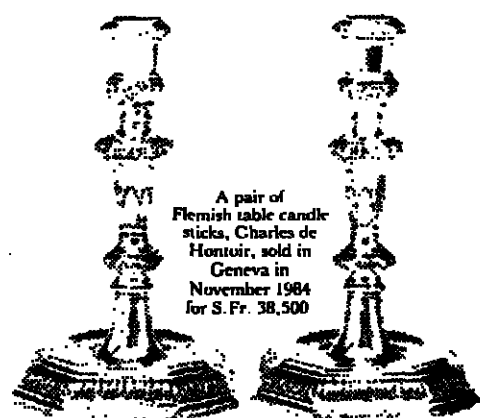
André Laug, known for the pristine elegance of his cut, died recently, but his staff put together 40 dresses that were shown informally to buyers and journalists. The house is expected to go out: Laug left 60 percent of the company and the artistic direction to Olivier Rossetti, a Rome hairdresser, who was Laug's companion for 26 years. Helped by the dedicated staff, Rossetti — who said Laug left about 3,000 sketches — plans to hire someone with couture experience to help him coordinate the collections. The best name that has cropped up so far is that of Jules-François Crabbay, who recently retired from Lanvin.

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IBM	124.75	124.50	124.75	+0.25
AT&T	101.25	101.00	101.25	+0.25
GE	115.25	115.00	115.25	+0.25
Westinghouse	101.25	101.00	101.25	+0.25
Boeing	101.25	101.00	101.25	+0.25
Johnson & Johnson	101.25	101.00	101.25	+0.25
Merck	101.25	101.00	101.25	+0.25
Amgen	101.25	101.00	101.25	+0.25
Novartis	101.25	101.00	101.25	+0.25
Roche	101.25	101.00	101.25	+0.25

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus	1247.75	1247.25	1247.75	+5.63
Transp	101.25	101.00	101.25	+0.25
Comp	101.25	101.00	101.25	+0.25

NYSE Index

High	Low	Close	Chg.
1247.75	1247.25	1247.75	+5.63

Friday's NYSE Closing

Vol. of 4 P.M. 122,400,000
Prev. 4 P.M. vol. 116,740,000
Tables include the nationwide prices up to the closing on Wall Street

AMEX Diaries

Close	Prev.
101.25	101.00

NASDAQ Index

Close	Chg.
101.25	+0.25

AMEX Most Actives

Vol.	High	Low	Last	Chg.
IBM	124.75	124.50	124.75	+0.25

AMEX Stock Index

High	Low	Close	Chg.
101.25	101.00	101.25	+0.25

Dow Posts a 5.63-Point Gain

United Press International

NEW YORK—The stock market posted a modest gain Friday and finished the week with modest gains at all-time highs.

Interest-sensitive stocks and brokerage issues were top performers, as a three-week advance kept building on heavy volume.

The Dow Jones industrial average gained 5.63 to 1,247.75. For the week, the Dow gained 48.70. Since closing at 1,184.96, the blue-chip index has gained 91.10.

The New York Stock Exchange index gained 0.39 to 101.25, topping an all-time high set Wednesday. The price of an average share increased 15 cents. Standard & Poor's 500-stock index climbed 0.64 to 177.35, also an all-time high.

Advances topped declines 975-628 among the 2,036 issues traded at 4 P.M. EST. It was the 15th consecutive session in which more stocks gained than lost.

Big Board volume slipped to 122.4 million shares, down from 160.7 million shares traded Thursday.

"The fact that the stock market is consolidating around these levels is very, very good," said Keith Hertel of Drexel Burnham Lambert. He said the prolonged periods of advances over declines "tells us that people are concluding it is reasonable to expect better-than-average returns on equities as opposed to other financial instruments." Mr. Hertel believes the rise will continue and take the Dow industrials to 1,300 "in the near term."

Before the stock market opened, the Department of Commerce reported orders for durable goods declined 1.1 percent in December. For all

of 1984, durable goods orders grew 14.9 percent.

The latest figures were depressed by a 17.6 percent drop in defense orders. Durable orders were up 8.3 percent in November.

The Department of Treasury reported that the U.S. government had a deficit of \$15.2 billion in December. The total deficit since the 1985 fiscal year began Oct. 1 is \$72.4 billion.

At that rate the fiscal year will have a deficit of more than \$200 billion.

Alan Ackerman of Herzfeld & Stern said the strength in the stock market is because "the fundamentals have turned very positive." Money costs have come down, he said, while "inflation is under control and a recession is not in sight."

He said smaller investors have been attracted to secondary issues while the cash-short institutions have been rotating out of some positions and into others.

Composite volume of NYSE issues listed on all U.S. exchanges and over the counter at 4 P.M. totaled 146.9 million shares, down from 188.9 million Thursday.

Phillips Petroleum was the most active NYSE-listed issue, up 3/4 to 48 1/2. Some investors may have purchased the stock to have a vote on the company's recapitalization plan.

Federal National Mortgage Association was second, up 1 1/2 to 17 1/2. The company is a heavy borrower and would benefit from lower interest rates.

Merrill Lynch was third, up 1 1/4 to 33 1/4. Pibco-Salomon jumped 1 1/2 to 38 1/2 and Quick & Reilly Group advanced 1 1/2 to 21 1/2. American Express added 1 to 40 1/2.

12 Month High Low Stock Div. Yld. PE

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
124.75	124.50	IBM	3.00	2.40	15.6
101.25	101.00	AT&T	1.00	0.80	12.7
115.25	115.00	GE	1.00	0.80	14.4

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Westinghouse	0.50	0.40	12.8
101.25	101.00	Boeing	0.50	0.40	12.8
101.25	101.00	Johnson & Johnson	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Merck	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High Low Stock Div. Yld. PE

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
124.75	124.50	IBM	3.00	2.40	15.6
101.25	101.00	AT&T	1.00	0.80	12.7
115.25	115.00	GE	1.00	0.80	14.4

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Westinghouse	0.50	0.40	12.8
101.25	101.00	Boeing	0.50	0.40	12.8
101.25	101.00	Johnson & Johnson	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Merck	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High Low Stock Div. Yld. PE

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
124.75	124.50	IBM	3.00	2.40	15.6
101.25	101.00	AT&T	1.00	0.80	12.7
115.25	115.00	GE	1.00	0.80	14.4

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Westinghouse	0.50	0.40	12.8
101.25	101.00	Boeing	0.50	0.40	12.8
101.25	101.00	Johnson & Johnson	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Merck	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.00	Roche	0.50	0.40	12.8
101.25	101.00	Amgen	0.50	0.40	12.8
101.25	101.00	Novartis	0.50	0.40	12.8

12 Month High	12 Month Low	Stock	Div.	Yld.	PE
101.25	101.0				
99.75	99.5				
99.50	99.25				
99.25	99.00				
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25.25	25.00				
25.00	24.75				
24.75	24.50				
24.50	24.25				
24.25	24.00				
24.00	23.75				
23.75	23.50				
23.50	23.25				
23.25	23.00				
23.00	2				

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SATURDAY-SUNDAY, JANUARY 26-27, 1985

ECONOMIC SCENE

Reagan's Budget: New Life As Legislative Starting Point

By LEONARD SILK
New York Times Service

NEW YORK — President Ronald Reagan's budget, which some Congressmen said would be "dead on arrival" when it reaches Capitol Hill Feb. 6, now seems to be alive and kicking. The Senate majority leader, Robert J. Dole, and the House speaker, Thomas P. O'Neill Jr., have accepted Mr. Reagan's budget as the basis for their own.

Despite the moaning about the deficit, there is no appetite, among either Republicans or Democrats, for raising taxes or for making bigger cuts in the budget than those the president is proposing.

To be sure, Congress will press the administration for more restraint on the rate of increase in the military budget than Mr. Reagan and the defense secretary, Caspar W. Weinberger, are proposing. But the legislators are divided on how much to ask. Doves are calling for a freeze on the military but hawks are ready to give Mr. Reagan whatever he wants for the Pentagon.

In a preliminary plan sent to the Senate early this month, the administration proposed to cut military outlays by \$8.7 billion in 1986, with savings resulting from those first-year cuts projected at \$9.2 billion and \$10.2 billion in 1987 and 1988.

These modest trims would bring down the rate of increase in military spending after inflation to 6.4 percent, from 8.7 percent last year. But in the two following years, the rate of military spending would rise by 8.1 percent and 8.8 percent, an increase over the rise of 6.6 percent in 1987 and 6.6 percent in 1988 that had been projected.

To achieve a freeze in total program spending in 1986, not counting the increase in interest payments on the national debt, the administration wants to cut the nonmilitary part of the budget by \$30 billion. A cut of that size would mean additional savings of \$2 billion to \$3 billion in interest savings.

This would mean drastic cuts in subsidy programs that "have not been touched in 50 years," according to Edwin L. Dale Jr., a spokesman for the Office of Management and Budget.

CONGRESS seems unlikely to give the president all the social cuts he is seeking. The prospects are that the total cut in spending is likely to be closer to \$35 billion in 1986 than to the \$50 billion the White House is seeking.

Mr. Reagan has contended that economic growth will cause the deficit to vanish. He also called once more, in his inaugural address, for a constitutional amendment to balance the budget.

But even on the administration's own optimistic growth assumptions, the deficit would not shrink without big spending cuts — or tax increases, which it does not want. The OMB assumes that the gross national product will climb at an annual rate of 4 percent for the next three years and that inflation, after a slight increase to 4.3 percent in 1986, will decline to 3.8 percent in 1988.

The OMB is also assuming that unemployment will decline to 6.2 percent by the end of 1988 and that interest rates will keep going down, with the Treasury bill rate, now at 7.6 percent, falling to 5.5 percent in 1988.

The administration's assumption that interest rates will continue to decline in the next three years in the face of rising output seems more optimistic than that of the financial markets, especially as reflected in the slower decline in long-term than short-term rates.

While three-month Treasury bills have come down to 7.6 percent from 8.9 percent a year ago, the rate on 30-year Treasury bonds has declined only to 11.33 percent from 11.72 percent last January. Telephone bonds have come down to an average rate of 12.23 percent from 12.63 percent a year ago, and the average rate

(Continued on Page 13, Col. 8)

A New Try By OPEC On Prices

Yamani Defends \$29 Benchmark

Compiled by Our Staff From Dispatches

GENEVA — OPEC delegates began gathering here Friday for another emergency meeting on prices amid reports that Saudi Arabian light crude oil may soon be abandoned as the cartel's pricing base.

Price differentials were high on the agenda at October's meeting, but plummeting world oil prices forced the ministers' attention to production limits to bolster spot prices. It is to be on the agenda when the 13 ministers of the Organization of Petroleum Exporting Countries meet here Monday.

Some OPEC officials in the Gulf said Friday that the cartel hoped to maintain its general price level despite price cutting by North Sea producers and weak spot markets.

The officials said that as part of a pricing overhaul begun last month, the traditional policy of linking prices to the Saudi Arabian light crude market probably would be dropped soon to give OPEC new flexibility in adjusting to changing market conditions. Arabian light crude currently is priced at \$29 per barrel.

"Another Saudi crude, or a basket of crudes produced by the kingdom, could be adopted as a new reference tool," one official said.

But Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, said Friday in Algiers that OPEC should continue to defend its \$29-a-barrel benchmark price for Saudi Arabian light crude.

He did not rule out a cut in prices of other light grades of oil.

"We don't intend to raise prices of heavy crude oils," Sheikh Yamani said, according to the Algerian Press Service. "We could look once again at light crude prices."

OPEC production has dropped below the ceiling of 16 million barrels per day set in October. Latest estimates of January output are between 15.5 million and 15.9 million barrels per day, with one estimate as low as 14 million barrels per day.

The cold weather that recently swept the Northern Hemisphere has taken some immediate pressure off the cartel by firming spot prices, although probably only for a short while, delegates said. North Sea Brent crude, the most widely traded variety, was traded Friday at around \$27 a barrel compared with the mid-October level of \$26.30.

(AP, Reuters)

Franchising's Renewed Popularity U.S. Entrepreneurs Try 'Updated American Dream'

By Philip S. Gutis
New York Times Service

NEW YORK — Carol Donoughue, 39, walked out on her job as a newspaper's advertising manager in late 1983, and bought a Pop-Ins maid service for \$9,500.

A. Gordon Findlay, 43, has an M.B.A. from Harvard and 18 years of corporate experience. A few months ago, he, too, walked out on the corporate world and spent \$27,500 to buy a Sylvan Learning Center. He has bids in on two more.

Both are taking part in the resurgence of a business method that has been around for more than a century: franchising.

And quite a resurgence it is. Nearly 1,800 companies are franchising their wares to some extent, and about 7 percent of the U.S.'s working population either own a franchise or work for one.

Indeed, franchising has become one of the business world's most pervasive institutions, helping companies reduce the costs of expansion and letting individuals reduce the risks of entrepreneurship. The U.S. Department of Commerce predicts that franchising will account for more than half of retail sales by the year 2000. And the method is starting to account for a hefty percentage of business in the service sector as well.

Not bad for a practice that seemed to have peaked — and to have been ready for a precipitous slide — only 15 years ago. Throughout the early 1970s, under such headlines as "Franchising's Troubled Dream World" and "Bursting Bubble: Many Franchising Firms Fall on Hard Times," national business publications had chronicled the rise and perceived fall of franchising.

The method, which usually involves franchisees handing over a set amount of cash for the right to distribute a company's product, grew at a frenzied pace through the 1960s. By the 1970s, charlatans abounded, offering deals that seemed too good to be true — and often were. Even companies that acted in good faith often spread themselves too thin, selling so many franchises that they could not fulfill the promises they had made of adequate business and marketing support — or, in some cases, even of an ample supply of product.

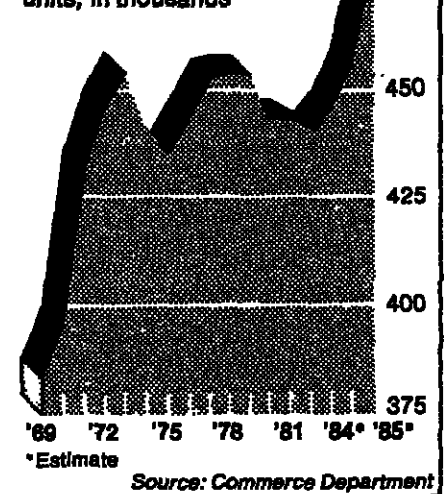
The result was an abundance of lawsuits and an overriding feeling among business analysts that the franchising system, which Ray A. Kroc, the founder of McDonald's, once called "the updated version of the American dream," was turning sour.

They were wrong, but for the right reasons. Had franchising continued to grow without restraint, its prospects would have been bleak. It would have become a death sentence, in the eyes of even laissez-faire capitalists agreed with, franchising has been regulated.

The Federal Trade Commission in 1979 decreed that any company wanting to franchise must make available information ranging from the business

Franchising Picks Up Speed

Total U.S. franchised units, in thousands



Source: Commerce Department

background of its officers to corporate financial data.

Moreover, consultants and lawyers have established themselves as franchising experts. They are helping franchisees spot questionable fine print on contracts. And they are helping franchisees to develop plans that will not overextend their ability to provide support.

"Franchising is not the thing it was 15 years ago," said Art Bartlett, president of Mr. Build, a company that franchises home repair services, and the founder of Century 21, a hugely successful chain of franchised real estate brokers.

"Franchising is at the heart of the entrepreneurial system today," he said.

It is not immune to failures, of course. The move of consultants into the field has brought its own dangers, in that consulting is an unregulated industry and anyone can pose as an expert adviser. Moreover, some of the franchising ideas of the recent past have not caught the public's fancy.

For example, numerous franchisees lost their investments when tanning centers failed to catch on. Tantrific, the Arkansas company that was the first to sell franchised tanning parlors, was one of the first to go under, dragging hundreds of franchised centers down with it.

Still, the victories in franchising outweigh the defeats. The Commerce Department estimates that

(Continued on Page 13, Col. 6)

Durable Orders In U.S. Dropped 2.1% Last Month

The Associated Press

WASHINGTON — Orders to U.S. factories for durable goods, buffeted by a large decrease in military orders, decreased 2.1 percent in December. But for all of 1984, orders rose 14.9 percent, only slightly below the pace set in 1983, the government reported Friday.

The Commerce Department said the gain last year was almost as strong as the 17.1-percent increase in 1983, the first year of recovery from the recession. Orders for durable goods — large items expected to last three or more years — totaled \$11.21 billion last year.

But the momentum for 1984 came in the first half of the year. Since late summer, demand for manufactured goods has softened considerably. The December decline marked the third time in the last four months that the level of new orders has dropped.

However, many analysts have been encouraged by a number of signs that U.S. economic growth is picking up. Earlier this week, the government sharply revised upward its estimate for growth during the final three months to a rate of 3.9 percent. This was more than double the 1.6-percent growth rate from July through September.

Some analysts say growth in the first half of the year could well average 5 percent or more although many expect a decline in the second half as interest rates rise again.

New orders last month totaled \$101.9 billion, down \$2.1 billion from the November level.

The decline was the result mainly of a 17.6-percent drop in orders for military hardware. Commerce Secretary Malcolm Baldrige said the trend in military orders was still strongly positive because the fall came after orders more than doubled in December.

Without the drop in military orders, new orders would have dropped only 0.3 percent in December. The December level for nonmilitary durable goods is still 3.3 percent below the peak set in May.

"Recent efforts to curtail inventory investment have held down orders, and strong foreign competition has meant some lost markets," Commerce Secretary Malcolm Baldrige said in a prepared statement.

Within the major industry groups, transportation showed the largest decrease, declining 6.7 percent with most of the drop resulting from the decline in military orders.

Primary metals were down 4.6 percent to a total of \$10.3 billion, near the low for the year of \$10.1 billion recorded in September.

Machinery orders, which have generally been declining since May, dropped 1.1 percent in December. Shipments of durable goods rose 0.6 percent in December to \$102.4 billion.

The Reagan administration, which predicted in August that this year's deficit would be lower than 1984, now is braced for a red-ink total approaching \$210 billion.

That would be well above the record of \$195.4 billion set in fiscal 1983. The fiscal 1984 deficit was \$175.3 billion.

The growth in the expected deficit this year, caused in part from slower-than-anticipated growth in the economy, has left the administration and congressional leaders scrambling to find more ways to cut spending to keep future budget deficits from escalating even more.

U.S. Deficit \$15.2 Billion In December

The Associated Press

WASHINGTON — The federal government spent \$15.2 billion more than it collected in December, making the deficit for the first three months of fiscal 1985 14.4 percent worse than a year earlier, the Treasury Department reported Friday.

For the first quarter of the fiscal year, which began in Oct. 1, spending has outpaced revenues by \$72.4 billion. This compares with a deficit of \$63.3 billion during the same period in fiscal 1984.

The increase in interest payments on the debt, already the third-largest item in the budget behind social services and defense, was even greater. Interest payments for the first quarter of this fiscal year totaled \$49.4 billion, 23.3 percent above the level a year ago.

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Currency Rates

Late interbank rates on Jan. 25, excluding fees.

Official findings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	\$	DM	FF	Yen	Sw	Yen
Amsterdam	3.572	113.06	36.94	160.33	134.55	160.33
Brussels	6.321	70.25	20.25	160.33	134.55	160.33
Frankfurt	3.197	113.06	36.94	160.33	134.55	160.33
Milan	1.1105	113.06	36.94	160.33	134.55	160.33
Paris	1.48270	218.10	61.69	160.33	134.55	160.33
New York	1.3065	113.06	36.94	160.33	134.55	160.33
Tokyo	1.6430	113.06	36.94	160.33	134.55	160.33
Zurich	1.48270	218.10	61.69	160.33	134.55	160.33
1 DEM	0.75542	0.57136	0.35299	0.47672	0.38251	0.47672

Source: Reuters

Dollar Values

Per \$100 U.S. Dollars

	Per \$100 U.S. Dollars
1 DEM	0.75542
1 FF	0.35299
1 Yen	0.00616
1 Sw	0.00736

Source: Reuters

Interest Rates

Jan. 25

	1 mo.	3 mos.	6 mos.	1 year
100-day T-bill	7.6%	8.0%	8.4%	8.8%
2-year T-bill	8.8%	9.2%	9.6%	10.0%
5-year T-bill	10.0%	10.4%	10.8%	11.2%
10-year T-bill	11.2%	11.6%	12.0%	12.4%
30-year T-bill	12.4%	12.8%	13.2%	13.6%

Source: Reuters

Asian Dollar Rates

Jan. 25

	1 mo.	3 mos.	6 mos.	1 year
100-day T-bill	7.6%	8.0%	8.4%	8.8%
2-year T-bill	8.8%	9.2%	9.6%	10.0%
5-year T-bill	10.0%	10.4%	10.8%	11.2%
10-year T-bill	11.2%	11.6%	12.0%	12.4%
30-year T-bill	12.4%	12.8%	13.2%	13.6%

Source: Reuters

Key Money Rates

Jan. 25

	1 mo.	3 mos.	6 mos.	1 year
100-day T-bill	7.6%	8.0%	8.4%	8.8%
2-year T-bill	8.8%	9.2%	9.6%	10.0%
5-year T-bill	10.0%	10.4%	10.8%	11.2%
10-year T-bill	11.2%	11.6%	12.0%	12.4%
30-year T-bill	12.4%	12.8%	13.2%	13.6%

Source: Reuters

Gold Prices

Jan. 25

	1 oz.	100 oz.
100-day T-bill	380.00	380.00
2-year T-bill	380.00	380.00
5-year T-bill	380.00	380.00
10-year T-bill	380.00	380.00
30-year T-bill	380.00	380.00

Source: Reuters

U.S. Upgrades Bank Loans To Argentina

By James L. Rowe Jr.
Washington Post Service

WASHINGTON — Federal banking regulators are upgrading the status of loans to Argentina in recognition of the progress that country is making in solving its international debt problems, banking sources said.

The regulators, who last fall classified as "substandard" the bulk of Argentine loans on the books of U.S. banks, have decided to upgrade those loans now that the debtor nation has reached an accord with the International Monetary Fund and has paid a substantial portion of its foreign interest.

The ruling will permit the banks to remove many of the Argentine loans from their problem lists and could be a shot in the arm to profits at many financial institutions.

Approximately 320 banks around the world have made loans totaling about \$25 billion to Argentina. U.S. banks hold about \$8.5 billion of that amount. All told, Argentina has about \$47 billion in outstanding foreign debts, including loans from other governments and multinational institutions as well as debts incurred by its private companies.

Sources said Thursday that the regulators would inform U.S. banks by letter that they have decided to remove Argentine credits from the substandard classification. Argentine government loans would be classified as "other transfer risk," a category that alerts banks to pay special attention to the loans but that does not require any other action.

Most loans that regulators classified as substandard generally are placed on problem lists at banks. That usually cuts into the income that they can declare for those loans.

Regulatory and banking sources said that the upgraded status of Argentine loans might make it easier for Argentina and its major bank lenders to break down the resistance of smaller banks that have refused to lend the debtor nation any new funds in 1985.

The loans to Argentina were upgraded by the Country Exposure Review Committee, an interagency panel that represents the Federal Reserve Board, the Comptroller of the Currency and the Federal Deposit Insurance Corp.

U.S. Aides Urge Lifting of Car Quotas

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Most of President Ronald Reagan's cabinet advisers are urging an end to import quotas on Japanese cars, and a final decision may be made as early as next week, according to administration officials.

"I can't find anyone making the case for continuation of the quotas," said one highly-placed official who asked not to be identified. "I'd bet any reasonable sum that they come off."

A senior official from another department said Thursday that it was no longer a question of whether the restrictions would be lifted, but what trade concessions Washington could extract from Tokyo in return for the move.

Should the restraints come off, it would mean more Japanese cars at lower prices for U.S. consumers, many analysts believe. But it could also mean less investment in the domestic auto industry and fewer automotive jobs.

"It would be of extreme benefit to consumers because it eliminates an unjustified auto tax," said Lori Consoador, executive director of Consumers for World Trade, a free-trade lobby. "In the four years of controls, new car prices have risen by 48 percent, from an average of \$7,500 to \$11,200."

The so-called voluntary quotas went into effect April 1, 1981, the beginning of the Japanese fiscal year. Initially, they were to have lasted for one or, at most, two years. The fourth year, calling for an import ceiling of 1.85 million units, will expire on March 31.

Proposals to grant tax concessions to cars meeting new emission standards, Mr. Weger said.

Volker Leichstering, Ford-Werke AG spokesman, said domestic orders at Ford Motor Co.'s West German subsidiary were down 10 to 15 percent in November and in December from year-earlier levels. "It's not a crisis yet, but it could develop into one," he said.

Reports on Friday by IG Metall saying that domestic orders in December dropped an estimated 40 percent at Bayerische Motorenwerke AG (BMW); 26 percent at General Motors Corp.'s subsidiary, Opel AG, and 20 percent at Volkswagenwerk AG were denied by the companies.

Heidi Gottstein, a BMW spokeswoman, said BMW has suffered a near standstill last summer.

"Domestic orders, which were down 16 percent in October and 18 percent in November from year-earlier levels, fell 22 percent in December for the industry as a whole," said Wolfgang Weger, association spokesman.

"We are in a very difficult time, in which no one knows what might happen for the next two or three months regarding the government's

Japan Lags U.S. In Auto Output

United Press International

TOKYO — Japan remained the world's leading producer of all types of motor vehicles in 1984, but its output of cars slipped behind that of the United States for the first time in five years, the Japan Automobile Manufacturers' Association said Friday.

Japan's output of all motor vehicles, including cars, trucks and buses, totaled 11,464,921 units last year, an increase of 3.2 percent over 1983. But its auto production dropped 1.1 percent to 7,073,173 units, behind the U.S. output of 7.77 million units for 1984.

The association said auto production slowed because of sluggish domestic sales and the "voluntary restraint" on auto exports to the United States.

Tokyo is now awaiting word from the Reagan administration on whether it wants the Japanese "voluntarily" to curb shipments for another 12 months, and if so, at what level. The Japanese have been willing to follow Washington's advice each year because of the implicit — and at times explicit — threat that Congress might enact even tougher curbs.

Japanese politicians here for the inauguration, led by Susumu Ni-

kaido, vice chairman of the governing Liberal Democratic Party, said that, without restraints, shipments could reach 2.5 million units annually, or 650,000 more than under the present ceiling.

The statement was prompted by reaction here from those opposed to lifting the controls. These include Chrysler Corp., Ford Motor Co., the United Automobile Workers union, American Motors Corp. and legislators from auto-producing states.

General Motors Corp., which has just announced a \$5-billion program to build a small car in the United States by 1989, favors lifting the curbs.

Chrysler's vice chairman, Gerald Greenwald, has warned that 750,000 U.S. jobs could be lost if the restraints were ended.

On Thursday, the UAW released a letter from its president, Owen F. Bieber, to Mr. Nikaido saying that "there is absolutely no way" the additional trade imbalance caused by the greater imports "can be tolerated."

(Mr. Bieber said that even the increase of 650,000 in imports of Japanese cars, as estimated by Mr. Nikaido, could cost more than 200,000 jobs in the U.S. auto and related industries. Reuters reported from Detroit.)

He also challenged Mr. Nikaido's suggestions that Japanese makers would limit production capacity, saying the UAW believes that the Japanese industry has the

(Continued on Page 13, Col. 5)

Domestic W. German Orders For Autos Said to Fall 22%

By Warren Gerdler
International Herald Tribune

FRANKFURT — West Germany's auto industry experienced a 22-percent decline in domestic orders in December from the level of a year earlier as buyers apparently continue to postpone purchases to await a decision on pending anti-pollution legislation, a spokesman for the Automobile Industry Association said Friday.

Compounding the industry's nervousness about its home market, the Federal Motor Office reported Friday that foreign car makers had raised their share of the West German market to 30 percent in 1984 from 27.2 percent in 1983. A seven-week strike by IG Metall, the metalworkers' union, brought the West German car industry to a near standstill last summer.

"Domestic orders, which were down 16 percent in October and 18 percent in November from year-earlier levels, fell 22 percent in December for the industry as a whole,"

(Continued from Page 8)

12 Month High Low	Stock	Div	Yld	PE	S&P 500	1500	Close
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Jan. 29

NEW HIGHS 183

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DATE: 11/20/2000

NEW LOWS 2

Scales figures are unaffected. Yearly highs and lows reflect the 52-week spans, but the current week's high and low reflect the trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range omits the price for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
 a = dividend also a $\frac{a}{b}$ (a/b)
 c = annual rate of dividend plus stock dividend (1 + $\frac{a}{b}$)
 d = $\frac{a}{b}$ dividends dividend.
 dld = called.
 e = new year's low.
 f = dividend declared or paid in preceding 12 months.
 g = dividend in Canadian funds, subject to 15% non-residence tax.
 h = dividend declared after split-up or stock dividend.
 i = dividend split this year, omitted, deferred, or no action taken at latest dividend meeting.
 k = dividend declared or paid this year, an accumulative issue with dividends in arrears.
 n = new issue in the past 52 weeks. The high-low range begins with the start of trading.
 o = one day dividend.
 P/E = price-earnings ratio.
 r = dividend declared or paid in preceding 12 months, plus stock dividend.
 s = stock split. Dividend begins with date of split.
 sh = sales.
 t = dividend paid in stock in preceding 12 months, estimated.
 u = stock dividend or ex-distribution date.
 u = new yearly high.
 v = trading halted.
 w = in bankruptcy or receivership or assumed by such company.
 wd = without dividend or securities assumed by such company.
 wd = when distributed.
 wld = when issued.
 wld = with warrants.
 x = ex-dividend or ex-rights.
 xdis = ex-distribution.
 y = without warrants.
 y = dividend and sales in full.
 yld = yield.

BUSINESS ROUNDUP

3 European Telephone Concerns Sign Technology-Sharing Accord

MILAN — Three of Europe's leading telephone companies have signed a technical cooperation accord here that is designed to enable them to compete with the world leader in telecommunications, American Telephone & Telegraph Corp.

The agreement, signed Thursday, links Italtel of Italy, CIT-Alcatel of France and Siemens of West Germany, with Britain's Plessey PLC expected to join in the next few weeks. AT&T signed a technical and marketing agreement with the Olivetti SPA group last year.

The accord in effect expands an alliance formed last September between Italtel and CIT-Alcatel and calls for joint research and development to promote equipment standardization in the next generation of telephone exchanges.

The new exchanges, which could appear by the end of the decade, will be capable of transmitting pictures, texts and computerized data.

The four companies account for 26 percent of the world telecommunications market. They are eclipsed only by AT&T, which controls 29 percent of the world market.

The four European companies have 5.3 million lines between them, compared with 6.1 million for AT&T and 2.8 million for another U.S. giant, ITT Corp.

"The Europeans have understood that they absolutely have to combine their efforts if they want to meet U.S. and Japanese competition," an Italtel official said.

Marimekko Acquired by Amer Group

International Herald Tribune

STOCKHOLM — Marimekko AB, a Finnish maker of designer textiles, clothes and other products, has been sold by members of its founding family to Amer Group Ltd., a Finnish tobacco, publishing and industrial conglomerate.

Amer officials said Friday they paid the equivalent of 40 million Finnish markkaa (\$6 million) in cash and stock for 75 percent of Marimekko's voting stock, or about 33 percent of the total capital stock.

Marimekko's president, Kari Mattson, said the controlling interest was sold because the three grown children of the company's late founder, Armi Ratia, apparently disagreed over the future of the company.

Despite a forecast of slightly lower earnings in 1984, Mr. Mattson said "Marimekko is a company that was very desirable to many prospective buyers."

Sales in 1984 rose to 110 million markkaa from 103 million markkaa in 1983, he said. Earnings have not been published, but are expected to be somewhat lower than the 1983 net profit of 7 million markkaa.

Total worldwide sales of Marimekko brands, including items made on license, amounted to 350 million markkaa in 1984. The United States, with license sales of 145 million markkaa, was the single largest market for Marimekko items, followed by Japan.

According to Mr. Mattson, the transfer of control will not lead to any changes in management.

Amer had annual sales of 2 billion markkaa in 1982. Tobacco products comprised 35 percent of sales in fiscal 1983-1984, and included the license manufacture of Marlboro cigarettes in Finland.

Other activities include publishing, commercial printing and auto distributorships for Citroen and Toyota.

Wickes Emerges From Chapter 11

International Herald Tribune

SANTA MONICA, California — Wickes Companies said Friday that its joint plan of reorganization will become effective on Saturday, thereby completing its emergence from Chapter 11 reorganization proceedings.

It said its plan settled about \$1.6 billion of debt through the payment of about \$600 million in cash and through issues of debt and equity of the reorganized company.

Under the plan, it will issue about \$173 million in extendable two-year notes; \$246 million of nine-year debentures; \$150 million of 20-year debentures and about 96 million shares of common stock and 12 million common stock purchase warrants.

Scandia Reports Sharp Fall in Earnings Last Year

By Juris Kaza

International Herald Tribune

STOCKHOLM — Scandia, Sweden's largest insurance group, reported Friday that 1984 pretax earnings plunged to 10 million kronor (\$1.1 million) from 696 million kronor in 1983, a bigger drop than had been forecast.

Scandia officials blamed the fall in earnings on a 310-million-kronor loss sustained in 1984 by Scandia International, its international casualty insurance division.

Scandia International posted a profit of 407 million kronor in 1983. Natural disasters such as hurricanes affecting Scandia's U.S. customers were given as a major reason for the reversal. It was also reported that stricter judgments in U.S. liability cases cut into Scandia's results.

Premium revenues totaled 12.83 billion kronor, up 35 percent from 9.45 billion kronor in 1983, but the rise included a 2.05-billion-kronor one-time item reflecting a change in bookkeeping practices. Adjusted for that amount, premium revenues rose 14 percent, Scandia said.

Scandia also reported that earnings of its domestic operations declined in 1984. Business insurance earnings fell to 100 million kronor from 314 million kronor in 1983.

Premium revenues for business insurance rose 14 percent in 1984 to 2.03 billion kronor.

The losses by Scandia International greatly exceeded forecasts made in late September by the company. At that time, Scandia's management said the international division would have a loss of around 25 million kronor. The whole group, excluding a separate life insurance company, was then expected to show a profit of 180 million kronor for 1984.

Scandia's gloomy forecast in September caused the company's shares to decline at the time on the Stockholm stock exchange, but the exchange was closed Friday because of building renovation.

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Officials Close Filipino Bank After Bailout

United Press International

MANILA — Monetary officials on Friday closed the largest savings bank in the Philippines and placed it under receivership just five months after attempting a bailout to save it from collapse.

A statement by the Monetary Board said the Banco Filipino Savings and Mortgage Bank "has become insolvent" and failure to place it under receivership would involve probable loss to the depositors and creditors.

It was placed under receivership of the government-owned Philippine National Bank, according to an announcement from the presidential palace.

The 20-year-old bank, the nation's largest savings institution, had 89 branches nationwide, assets of 4.7 billion pesos (\$260 million) and 3.7 million depositors in 1983.

Heavy withdrawals forced Banco Filipino to close July 23 for a nine-day "holiday."

President Ferdinand E. Marcos ordered the central bank to rescue Banco Filipino with 3 billion pesos, a move that created problems during talks with the International Monetary Fund.

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Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Australia				Air Pds & Chem.				Avnet			
MIM Holdings				1st Half				2nd Quarter			
Year	1984	1983	1982	Revenue	43.6	43.6	1984	Revenue	3.85	3.79	1983
Net Inc.	10.1	10.1	10.1	Net Inc.	32.4	34.1	1983	Net Inc.	1.2	1.1	1982
Per Share	0.87	0.87	0.87	Per Share	1.2	1.3	1982	Per Share	0.21	0.21	1981
1982 inc excludes gains of \$14.5 million from divestiture of A & T.											
Britain				Alex. & Baldwin				Bell Atlantic			
Fitch Lovell				4th Quarter				4th Quarter			
1st Half	1984	1983	1982	Revenue	128.3	117.2	1984	Revenue	5.10	5.10	1983
Net Inc.	24.4	22.8	22.8	Net Inc.	10.3	10.3	1983	Net Inc.	1.92	1.92	1982
Per Share	2.62	2.62	2.62	Per Share	0.89	0.79	1982	Per Share	0.42	0.42	1981
1982 inc excludes gains of \$0.714 million from divestiture of A & T.											
Canada				Amehdi				Bell Atlantic			
Cons.-Bathurst				4th Quarter				4th Quarter			
Year	1984	1983	1982	Revenue	227.4	225.1	1984	Revenue	9.73	9.73	1983
Net Inc.	4.6	4.6	4.6	Net Inc.	0.3	0.34	1983	Net Inc.	3.60	3.60	1982
Per Share	0.58	0.58	0.58	Per Share	0.03	0.04	1982	Per Share	0.45	0.45	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
Japan				Amer. Elec. Pwr				Bemis			
Honda Motor				4th Quarter				4th Quarter			
Year	1984	1983	1982	Revenue	1,230	1,176	1984	Revenue	7.46	7.46	1983
Net Inc.	23.6	23.6	23.6	Net Inc.	12.8	15.8	1983	Net Inc.	2.6	2.6	1982
Per Share	2.62	2.62	2.62	Per Share	1.45	1.85	1982	Per Share	0.33	0.33	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
Months				Am. Hosp. Supply				Boston Edison			
Year	1984	1983	1982	Revenue	1,230	1,176	1984	Revenue	7.46	7.46	1983
Net Inc.	23.6	23.6	23.6	Net Inc.	12.8	15.8	1983	Net Inc.	2.6	2.6	1982
Per Share	2.62	2.62	2.62	Per Share	1.45	1.85	1982	Per Share	0.33	0.33	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
Torrey Ind.				4th Quarter				Cantor			
1st Half	1984	1983	1982	Revenue	227.4	225.1	1984	Revenue	9.73	9.73	1983
Net Inc.	37.1	37.1	37.1	Net Inc.	0.3	0.34	1983	Net Inc.	3.60	3.60	1982
Per Share	4.16	4.16	4.16	Per Share	0.03	0.04	1982	Per Share	0.45	0.45	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
Thailand				Ameritech				Cerox			
Bangkok Bank				4th Quarter				2nd Quarter			
Year	1984	1983	1982	Revenue	5,130	5,130	1984	Revenue	2.00	2.00	1983
Net Inc.	1,270	1,270	1,270	Net Inc.	2.07	2.07	1983	Net Inc.	1.20	1.20	1982
Per Share	14.79	14.79	14.79	Per Share	2.07	2.07	1982	Net Inc.	0.60	0.60	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
Thai Farmers Bk				Year				1st Half			
Year	1984	1983	1982	Revenue	5,050	5,050	1984	Revenue	2.00	2.00	1983
Net Inc.	177.4	177.4	177.4	Net Inc.	596.6	596.6	1983	Net Inc.	1.20	1.20	1982
Per Share	35.69	35.69	35.69	Per Share	59.66	59.66	1982	Per Share	0.60	0.60	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
United States				Avco				Consumers Pwr			
Aluminum (H.F.)				4th Quarter				4th Quarter			
Year	1984	1983	1982	Revenue	76.3	76.3	1984	Revenue	39.74	39.74	1983
Net Inc.	744.9	744.9	744.9	Net Inc.	35.3	35.3	1983	Net Inc.	(0.141)	(0.141)	1982
Per Share	0.49	0.49	0.49	Per Share	3.53	3.53	1982	Per Share	0.00	0.00	1981
1982 inc excludes gains of \$1.1 million from divestiture of A & T.											
1983 inc excludes gains of \$1.1 million from divestiture of A & T.											

NASDAQ National Market Release

[illegible]

SECRET

[illegible][illegible]

151.25 151.93

[illegible]

Jan. 25

COUNTRY

HONG-KONG GOLD FUTURES					INCREASED				
U.S. per ounce									
Class					Previous				
Month	High	Low	Settle	Ask	Month	High	Low	Settle	Ask
Jan	N.Y.	N.Y.	N.Y.	N.Y.	Feb	27 1/2	27 1/2	27 1/2	27 1/2
Feb	N.Y.	N.Y.	N.Y.	N.Y.	Mar	28 1/2	28 1/2	28 1/2	28 1/2
Mar	N.Y.	N.Y.	N.Y.	N.Y.	Apr	29 1/2	29 1/2	29 1/2	29 1/2
Apr	N.Y.	N.Y.	N.Y.	N.Y.	May	30 1/2	30 1/2	30 1/2	30 1/2
May	N.Y.	N.Y.	N.Y.	N.Y.	Jun	31 1/2	31 1/2	31 1/2	31 1/2
Jun	N.Y.	N.Y.	N.Y.	N.Y.	Jul	32 1/2	32 1/2	32 1/2	32 1/2
Jul	N.Y.	N.Y.	N.Y.	N.Y.	Aug	33 1/2	33 1/2	33 1/2	33 1/2
Aug	N.Y.	N.Y.	N.Y.	N.Y.	Sep	34 1/2	34 1/2	34 1/2	34 1/2
Sep	N.Y.	N.Y.	N.Y.	N.Y.	Oct	35 1/2	35 1/2	35 1/2	35 1/2
Oct	N.Y.	N.Y.	N.Y.	N.Y.	Nov	36 1/2	36 1/2	36 1/2	36 1/2
Nov	N.Y.	N.Y.	N.Y.	N.Y.	Dec	37 1/2	37 1/2	37 1/2	37 1/2
Dec	N.Y.	N.Y.	N.Y.	N.Y.					
Volume: 12 lots									

HONGKONG GOLD FUTURES					STOCK LIST				
U.S. per ounce									
Class					Previous				
Month	High	Low	Settle	Ask	Month	High	Low	Settle	Ask
Jan	N.Y.	N.Y.	N.Y.	N.Y.	Feb	27 1/2	27 1/2	27 1/2	27 1/2
Feb	N.Y.	N.Y.	N.Y.	N.Y.	Mar	28 1/2	28 1/2	28 1/2	28 1/2
Mar	N.Y.	N.Y.	N.Y.	N.Y.	Apr	29 1/2	29 1/2	29 1/2	29 1/2
Apr	N.Y.	N.Y.	N.Y.	N.Y.	May	30 1/2	30 1/2	30 1/2	30 1/2
May	N.Y.	N.Y.	N.Y.	N.Y.	Jun	31 1/2	31 1/2	31 1/2	31 1/2
Jun	N.Y.	N.Y.	N.Y.	N.Y.	Jul	32 1/2	32 1/2	32 1/2	32 1/2
Jul	N.Y.	N.Y.	N.Y.	N.Y.	Aug	33 1/2	33 1/2	33 1/2	33 1/2
Aug	N.Y.	N.Y.	N.Y.	N.Y.	Sep	34 1/2	34 1/2	34 1/2	34 1/2
Sep	N.Y.	N.Y.	N.Y.	N.Y.	Oct	35 1/2	35 1/2	35 1/2	35 1/2
Oct	N.Y.	N.Y.	N.Y.	N.Y.	Nov	36 1/2	36 1/2	36 1/2	36 1/2
Nov	N.Y.	N.Y.	N.Y.	N.Y.	Dec	37 1/2	37 1/2	37 1/2	37 1/2
Dec	N.Y.	N.Y.	N.Y.	N.Y.					
Volume: 194 lots for 100 oz.									

HONGKONG RUBBER					STOCK LIST				
U.S. per 100 lbs.									
Class					Previous				
Month	High	Low	Settle	Ask	Month	High	Low	Settle	Ask
Jan	N.Y.	N.Y.	N.Y.	N.Y.	Feb	27 1/2	27 1/2	27 1/2	27 1/2
Feb	N.Y.	N.Y.	N.Y.	N.Y.	Mar	28 1/2	28 1/2	28 1/2	28 1/2
Mar	N.Y.	N.Y.	N.Y.	N.Y.	Apr	29 1/2	29 1/2	29 1/2	29 1/2
Apr	N.Y.	N.Y.	N.Y.	N.Y.	May	30 1/2	30 1/2	30 1/2	30 1/2
May	N.Y.	N.Y.	N.Y.	N.Y.	Jun	31 1/2	31 1/2	31 1/2	31 1/2
Jun	N.Y.	N.Y.	N.Y.	N.Y.	Jul	32 1/2	32 1/2	32 1/2	32 1/2
Jul	N.Y.	N.Y.	N.Y.	N.Y.	Aug	33 1/2	33 1/2	33 1/2	33 1/2
Aug	N.Y.	N.Y.	N.Y.	N.Y.	Sep	34 1/2	34 1/2	34 1/2	34 1/2
Sep	N.Y.	N.Y.	N.Y.	N.Y.	Oct	35 1/2	35 1/2	35 1/2	35 1/2

Sources: Reuters and London Petroleum Exchange

[illegible]

Japan I

London Metals Jan. 25	
Figures in sterling per metric ton. Silver in pence per troy ounce.	
Today	Previous
High grade copper (cont'd)	
spot	1,243.50 1,244.50 1,244.50 1,243.50
3 months	1,243.50 1,253.00 1,251.00 1,251.50
Low grade copper	
cont'd	
spot	1,230.00 1,231.00 1,230.00 1,230.00
3 months	1,249.00 1,244.00 1,248.00 1,245.00
Aluminum	
1st	9,000.00 9,018.00 9,018.00 9,028.00
2nd	9,785.00 9,796.00 9,796.00 9,795.00
3rd	9,787.00 9,797.00 9,797.00 9,796.00
3 months	9,720.00 9,731.00 9,730.00 9,731.00
4 months	9,720.00 9,731.00 9,730.00 9,731.00
5 months	9,720.00 9,731.00 9,730.00 9,731.00
6 months	9,720.00 9,731.00 9,730.00 9,731.00
7 months	9,720.00 9,731.00 9,730.00 9,731.00
8 months	9,720.00 9,731.00 9,730.00 9,731.00
9 months	9,720.00 9,731.00 9,730.00 9,731.00
10 months	9,720.00 9,731.00 9,730.00 9,731.00
11 months	9,720.00 9,731.00 9,730.00 9,731.00
12 months	9,720.00 9,731.00 9,730.00 9,731.00
13 months	9,720.00 9,731.00 9,730.00 9,731.00
14 months	9,720.00 9,731.00 9,730.00 9,731.00
15 months	9,720.00 9,731.00 9,730.00 9,731.00
16 months	9,720.00 9,731.00 9,730.00 9,731.00
17 months	9,720.00 9,731.00 9,730.00 9,731.00
18 months	9,720.00 9,731.00 9,730.00 9,731.00
19 months	9,720.00 9,731.00 9,730.00 9,731.00
20 months	9,720.00 9,731.00 9,730.00 9,731.00
21 months	9,720.00 9,731.00 9,730.00 9,731.00
22 months	9,720.00 9,731.00 9,730.00 9,731.00
23 months	9,720.00 9,731.00 9,730.00 9,731.00
24 months	9,720.00 9,731.00 9,730.00 9,731.00
25 months	9,720.00 9,731.00 9,730.00 9,731.00
26 months	9,720.00 9,731.00 9,730.00 9,731.00
27 months	9,720.00 9,731.00 9,730.00 9,731.00
28 months	9,720.00 9,731.00 9,730.00 9,731.00
29 months	9,720.00 9,731.00 9,730.00 9,731.00
30 months	9,720.00 9,731.00 9,730.00 9,731.00
31 months	9,720.00 9,731.00 9,730.00 9,731.00
32 months	9,720.00 9,731.00 9,730.00 9,731.00
33 months	9,720.00 9,731.00 9,730.00 9,731.00
34 months	9,720.00 9,731.00 9,730.00 9,731.00
35 months	9,720.00 9,731.00 9,730.00 9,731.00
36 months	9,720.00 9,731.00 9,730.00 9,731.00
37 months	9,720.00 9,731.00 9,730.00 9,731.00
38 months	9,720.00 9,731.00 9,730.00 9,731.00
39 months	9,720.00 9,731.00 9,730.00 9,731.00
40 months	9,720.00 9,731.00 9,730.00 9,731.00
41 months	9,720.00 9,731.00 9,730.00 9,731.00
42 months	9,720.00 9,731.00 9,730.00 9,731.00
43 months	9,720.00 9,731.00 9,730.00 9,731.00
44 months	9,720.00 9,731.00 9,730.00 9,731.00
45 months	9,720.00 9,731.00 9,730.00 9,731.00
46 months	9,720.00 9,731.00 9,730.00 9,731.00
47 months	9,720.00 9,731.00 9,730.00 9,731.00
48 months	9,720.00 9,731.00 9,730.00 9,731.00
49 months	9,720.00 9,731.00 9,730.00 9,731.00
50 months	9,720.00 9,731.00 9,730.00 9,731.00
51 months	9,720.00 9,731.00 9,730.00 9,731.00
52 months	9,720.00 9,731.00 9,730.00 9,731.00
53 months	9,720.00 9,731.00 9,730.00 9,731.00
54 months	9,720.00 9,731.00 9,730.00 9,731.00
55 months	9,720.00 9,731.00 9,730.00 9,731.00
56 months	9,720.00 9,731.00 9,730.00 9,731.00
57 months	9,720.00 9,731.00 9,730.00 9,731.00
58 months	9,720.00 9,731.00 9,730.00 9,731.00
59 months	9,720.00 9,731.00 9,730.00 9,731.00
60 months	9,720.00 9,731.00 9,730.00 9,731.00
61 months	9,720.00 9,731.00 9,730.00 9,731.00
62 months	9,720.00 9,731.00 9,730.00 9,731.00
63 months	9,720.00 9,731.00 9,730.00 9,731.00
64 months	9,720.00 9,731.00 9,730.00 9,731.00

0.2% Last Month

Reuters

TOKYO The Japanese used

TOKYO — The Japanese consumer price index rose 0.2 percent in December from November, when it was down 0.6 percent from October, the government said Friday.

The December index was up 2.2 percent from a year earlier after a 2.2 percent year-to-year increase at the same point in November.

As a result, the Japanese consumer price index for 1984 rose an average 2.2 percent, compared with a 1.9-percent increase in 1983 and a 2.7-percent increase in 1982.

INTERNATIONAL
TAX FREE
ROLLS ROYCE
BENTLEY
NEW M
FROM
TAX FREE
DAWAA
TANCO
WORLD
AMERICAN
LA VEN
MADE

SPORTS

Flutie to Sign Contract With USFL's Generals

The Associated Press
BOSTON — Doug Flutie, the 1984 Heisman Trophy winner, has reached verbal agreement on a long-term contract with the New Jersey Generals, and should sign with the United States Football League club next Tuesday or Wednesday, his attorney, Bob Woolf said Friday.

"We've reached an agreement and we have given a commitment to them and Doug will be going to the New Jersey Generals," Woolf said.

Woolf said he reached agreement on a contract for the Boston College quarterback in talks Thursday with Generals' owner Donald Trump and the club's president, Ray Seltzer.

He refused to reveal details of the contract, but it was believed to be worth at least \$7 million over at least five years.

The deal would make the Boston College quarterback one of the highest paid pro football players and among the highest paid rookies in any sport.

Last year former Brigham Young quarterback Steve Young signed a 43-year, \$40 million contract with the Los Angeles Express of the USFL, but Flutie's contract would contain more in annual pay if the reports are correct.

Gary Croke, the Generals' director of public relations, said there would be no comment from the team until a news conference later in the day at the University of Central Florida in Orlando, where the team is now in training.

Rangers Win 1st for Patrick

United Press International
NEW YORK — A snowstorm delayed his debut as head coach, but Detroit Red Wings could

NHL FOCUS

not stop Craig Patrick from winning his first game behind the bench.

Power-play goals by Ron Greshner and Chris Kontos Thursday night helped the New York Rangers defeat the Red Wings 3-1.

The victory came in Patrick's first game as coach since taking over on an interim basis from Herb Brooks, who was fired Monday. Patrick, who also served as the Rangers general manager, was supposed to begin his new duties Tuesday, but a game with the Sabres was postponed when more than two feet of snow fell in Buffalo.

"I'm happy with the effort," said Patrick, who also served as the Rangers' interim coach in 1980-81. "Our team became stronger and stronger as the night wore on. I was nervous, I was downright scared. Rookie Claude Lemieux gave Detroit a 1-0 lead at 4:31 of the first period.

Greshner's goal at 16:11 of the first put New York ahead to stay. He tapped the rebound of a Grant Ledyard point shot past Micallef.

Elsewhere, Boston stopped Buffalo 5-2, Quebec edged Montreal 4-3 and the New York Islanders dumped Toronto 4-1.

SCOREBOARD

Hockey

NHL Standings

Team	W	L	T	Pts	GF	GA
Vancouver	29	12	6	65	201	144
Philadelphia	28	13	6	62	232	140
L.A. Islanders	27	14	5	59	222	167
Pittsburgh	26	15	4	46	155	202
N.Y. Rangers	14	22	8	40	148	187
New Jersey	15	24	5	35	161	199

World Cup Skiing

Event	Gold	Silver	Bronze
Men's Slalom (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Giant Slalom (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Super-G (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Downhill (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Bobsled (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Luge (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Skeleton (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Biathlon (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Cross-Country (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Nordic Combined (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Team (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Overall (at Arosa, Switzerland)	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)
Men's Overall Standings	U.S. (McNee)	West Germany (Krauss)	U.S. (McNee)

Tennis

S. Pro Indoor

MEN'S SINGLES

Third Round

John McEnroe (U.S.) def. Brad Gilbert (U.S.) 6-4, 6-2.

Jimmy Connors (U.S.) def. Stefan Edberg (S.) 6-3, 6-2.

Tommy Nijssen (S.) def. Andre Kijak (U.S.) 6-4, 6-2.

Andre Kijak (U.S.) def. Greg Holmes (U.S.) 6-4, 6-2.

Neil Tetzlaff (U.S.) def. Tim Mayotte (U.S.) 6-4, 6-2.

Tim Mayotte (U.S.) def. Tommie Smit (U.S.) 6-4, 6-2.

Tommie Smit (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.

Rik Notman (U.S.) def. Rik Notman (U.S.) 6-4, 6-2.



West Germany's Maria Epple heads for victory in the slalom at Arosa, Switzerland Friday.

Epple Edges McKinney in Slalom

United Press International
AROSA, Switzerland — West German veteran Maria Epple edged American Tamara McKinney by just one hundredth of a second Friday to score her first World Cup slalom victory.

"I've been skiing in the Cup circuit for 10 years, and finally I won a slalom," said 26-year-old Epple, whose four World Cup successes have all come in the giant slalom. A downhill race had originally been scheduled for Friday but con-

tinued poor weather and skiing conditions, which have plagued the European season all winter, forced a switch to the slalom.

The West German posted an aggregate time of 1 minute 48.11 seconds for her two runs down the Weisshorn course, which had a vertical drop of 160 meters (525 feet). She clocked the best time of 54.93 seconds for her first run, and was third fastest on her second, clocking 53.58 seconds.

McKinney, fifth after the opening heat, outskied Epple by 1.04 seconds in registering the fastest second-run time of 52.54 seconds to finish with an aggregate 1:48.12.

"One hundredth of a second," McKinney shouted in disbelief, mentioning she had lost out by mere four hundredths to a second to Switzerland's World Cup champion Erika Hess in another close-call last season.

This time, Hess finished third on 1:49.15, jumping nine spots with a superb run in the second heat to edge out Pernille Pelen by one hundredth of a second.

Blanca Fernandez Ochoa of Spain, second after the first heat, slipped back to fifth place ahead of Rosa Maria Quario of Italy.

Swiss Olympic downhill champion Michela Figini scored her first slalom points with a seventh-place finish to extend her lead at the top of the overall World Cup standings. Figini's unexpected success boosted her total to 214 points with compatriot Brigitte Oerli second with 166.

Epple stormed through the gates in the most aggressive style of any competitor, save McKinney, in the second heat.

"If you want to win, you have to ski like that. I virtually automated my moves into the rapid gate poles," Epple said.

"Of course, if you win by next to nothing, you are lucky," she continued. "But I felt great coming down in the first heat, while in the second, I lost my rhythm a bit in the mid-section."

McKinney claimed she was not too disappointed at placing second.

"Of course, I would have preferred to finish first, but Maria skied real well. I tried to catch her, but I lost a bit of time in the mid-section of the first run where the track was rutty and I skied erratic."

Hess, who has yet to win a race this season, dropped more than a second in a tricky, icy turn in the midsection of the first heat when she had to correct so much she almost came to a standstill. "I took a too direct line, but if you want to win, you have to risk something," she said.

"I was real mad after that and went for broke in the second heat. I'm happy I moved from 12th to third, but not pleased that I never put together two excellent runs in a row."

"People turn up all the time, I get fan letters from Jewish schoolchildren all over the country," said Arneli. "When I recently went five games without a goal, I had hundreds of telephone calls from fans, some Arabs but mostly Jews."

His rise as Israel's top striker and one of its chief hopes for a place in the 1986 World Cup finals in Mexico, has been sudden and dramatic.

At the start of last season he was struggling with the local team in the depths of the third division. Then he was transferred to first-division Maccabi Haifa.

"They were in eighth place, 13 points behind the leaders, when I joined," Arneli said. He scored 13 goals in the remaining 20 matches and Haifa won the league's title for the first time.

He began playing soccer as a child in the dusty, narrow alleyways of Safaram, a hilltop Moslem-Christian town of 40,000.

"We had no pitches, no boots, no equipment of any kind," he recalled. "Even today, sports facilities in [Israel] Arab towns and villages are way behind what the Jews have."

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Johnson Still Supremely Confident
U.S. Downhill Champion Shrugs Off Austrian Hostility

By Samuel Abr
International Herald Tribune

WENGEN, Switzerland — A year after he beat the Austrians at their own national sport, Bill Johnson is supremely confident about his chances for another major skiing victory. The 1984 Olympic champion in the men's downhill has his sights fixed on the skiing world championships starting at the end of the month in Bormio, Italy.

"It would be nice to steal another medal from the Austrians," the 24-year-old American said. "Bormio is nice and easy on top with open gliding at the bottom. It's the kind of run I like. Wouldn't that be something to win there?"

Savoring the memory of his Olympic triumph with one of his huge, self-assured grins, he went on: "Every kid's dream in Austria and Switzerland is to win the Olympic gold. And I took it from them. The Swiss are good about it when they lose, but the Austrians just can't handle it. The Austrians feel they should win every single race and I didn't let them win the big one."

Not everyone finds Johnson's style engaging, says Harald Schoenhar, director of the United States Alpine ski team. "It was awful in Kitzbuhel earlier this winter, really frightening. People banged with their fists on the team car and tore at the windshield wipers. They don't like us, and they especially don't like Bill Johnson."

Since the World Cup season began in December, European sports newspapers have carried scathing descriptions of Johnson by Austrian downhillers. "Dirty bluffer" was among the most polite.

In a breach of skier's etiquette, the Austrians even poked fun at his training runs, in which he lagged nearly 10 seconds behind the leaders. Johnson finished 30th in the first Kitzbuhel race and was disqualified in the second when he missed a gate, bringing cheers and hoots from the crowd.

This dislike began in Wengen last year when Johnson, starting 22d in the prestigious Lauberhorn race, scored his first victory in World Cup competition, also the first for an American downhill racer.

Franz Klammer, the 31-year-old Austrian skier who was known in the 1970s as Emperor Franz for his domination of the downhill, led the jeering. In his World Cup career, which started in 1973, Klammer has won 25 downhill, 16 more than the second-ranked Bernhard Russi of Switzerland and 22 more than Johnson.

Despite this record, Klammer is usually as soft-spoken as Johnson is brash. Although he will not discuss the reasons now, Klammer reacted strongly to Johnson's Lauberhorn victory, the winner's revelation that he had bet \$50 on himself with his coach and his remark that "Now it's double or nothing for the next downhill" at Kitzbuhel, the king of the downhill runs.

Gleefully, Johnson remembered some of the unkind words Klammer had for him, especially after the Austrian won the Kitzbuhel race.

Not even Johnson remembered what Klammer had to say at Sarajevo, Yugoslavia, after Johnson boasted, "This is my kind of course and I think most everybody knows it" and then won the Olympic race. Klammer, the Olympic champion in 1976, finished 10th.

"The Austrians don't need me to lose," Johnson said in the interview. "They destroy themselves without me. Their narrow mindedness destroys them."

He said he was especially angry with Klammer for attempting to change the fledgling International Association of Downhill Racers into an association of pro downhillers.

"We set this thing up basically to get things changed on the World Cup circuit and the next thing you know Klammer is sending around letters and contacting advertising agencies," Johnson said. "There's a lot of money in store for the guy



Bill Johnson
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who organizes a pro circuit, but Klammer won't be that guy if I can help it."

To all this, Klammer responded reasonably, if ingenuously, in an interview here last weekend. "It's not true I don't like him," he insisted. "He's not a common guy, he's different, he's interesting."

"But maybe the Austrians don't like somebody to beat their racers. He said early in the season he would win at Kitzbuhel this year. . . . The Austrians didn't like it. Maybe that's why they beat on his car."

Or, as Johnson explained his relations with the Austrians, "I've got no problem with them, but they've got a problem with me. Well, that's their problem."

In fact, Johnson has had enough problems this season, his third in World Cup competition. After predicting that he would win seven downhills, he reported in less than top shape and has finished in the top 10 only twice in five races so far.

"Instead of training, I spent most of the off-season promoting Bill Johnson," he admitted, adding that a television movie about his life is to be filmed in Sarajevo starting next month.

His coaches said Johnson was not yet in his best condition, but Schoenhar was optimistic.

"He has no mental problems with his skiing but physical problems can give you mental problems," the team director said. "He hasn't won yet this year, or come close, but he's going to win more because he's so good."

Johnson agreed with this judgment. "There are seven races left, including the championships," he said. "My confidence is still there. Who says I can't win the rest?"

If not, he continued, he could find solace in his record last year, the Olympic gold medal and World Cup victories at Whistler Mountain in Canada and at Aspen, Colo., in addition to Wengen.

"I've done everything I ever wanted to do, in the Olympics and in the World Cup," Johnson insisted. "Being the best in the world last year — I can live off that. Nobody can take that away. Every time I win and somebody says, 'It was too easy, that's why Bill won,' I say, 'If it was so easy, why didn't you win?'"

Just then a skiing fan passed by and asked Johnson, "You going to win today?"

"Why not?" he replied, nodding at one of the race organizers nearby. "They hope I do, I'm their whole show."

Star Arab Striker Boosts Israeli Soccer Hopes

By Alan Elsner
Reuters

SHFARAM, Israel — Every weekend, carloads of Jewish fans arrive in this Arab Galilee town to shake the hand and request the autograph of an Arab star — Zayee Arneli, the most explosive talent in Israeli soccer.

"People turn up all the time, I get fan letters from Jewish schoolchildren all over the country," said Arneli. "When I recently went five games without a goal, I had hundreds of telephone calls from fans, some Arabs but mostly Jews."

His rise as Israel's top striker and one of its chief hopes for a place in the 1986 World Cup finals in Mexico, has been sudden and dramatic.

At the start of last season he was struggling with the local team in the depths of the third division. Then he was transferred to first-division Maccabi Haifa.

"They were in eighth place, 13 points behind the leaders, when I joined," Arneli said. He scored 13 goals in the remaining 20 matches and Haifa won the league's title for the first time.

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